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THESIS

NAVAL TRENDS IN ASEAN: IS THERE A
NEW ARMS RACE?

by

Frank Curtis Jones

December, 1995

Thesis Advisor:

Peter R. Lavoy

Thesis
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I answer this question affirmatively and then examine the causes of this situation. Using three countries as case studies -- Thailand, Singapore, and Indonesia -- I argue that a combination of three factors fuels an arms race. The three categories which drive a naval arms race are economic growth, changes in perceived threat, and prestige. Thai naval expenditures are affected by all three factors in roughly equal proportions. Singaporean expenditures are driven by economics and prestige considerations. Changes in Indonesian spending are the result of security and prestige considerations.

The next question is whether the arms race is dangerous. Nations in the region have engaged in serious efforts to establish effective confidence and security building measures which have mitigated the negative effects of an arms race. As long as these efforts continue, there is little danger in the arms race degenerating into armed conflict.

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NAVAL TRENDS IN ASEAN: IS THERE A NEW ARMS RACE?

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Lieutenant, United States Navy
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Submitted in partial fulfillment
of the requirements for the degree of

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from the

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EXECUTIVE SUMMARY:

Global military spending is decreasing. However this trend does not apply to some regions of the world, specifically Southeast Asia. This thesis describes the ongoing naval arms buildup in this region and examines why it is occurring when most of the rest of the world is decreasing military spending. Next, this thesis asks if this arms build-up is dangerous. Unlike many other rapid arms build-ups around the world, the Southeast Asian one is not particularly dangerous because of the parallel development of confidence and security building measures.

There exists widespread disagreement as to how to define an arms race, much less how to apply such a definition. The conflict in opinion over absolute levels of spending and relative change in spending levels is a major part of this disagreement. The member nations of the Association of Southeast Asian Nations do not allocate vast sums of money for defense (as compared to other nations of similar size). The size of defense procurements have quickly increased over the past two decades. In a relative sense this is an indication of an arms race. Based on the significant increases in naval acquisitions, this thesis makes the argument that several different types of racing can and do occur simultaneously. Nations in the region engage in different categories of arms racing based on their regional status and their national ambitions.

Using three countries as case studies — Thailand, Singapore and Indonesia — this thesis argues that a combination of three necessary factors is fueling an arms race. The three categories which are driving a naval arms race are economic growth, changes in

perceived threat, and prestige. Thai naval expenditures are affected by all three factors in roughly equal proportions. Singaporean expenditures are driven by economics and prestige considerations. Changes in Indonesian spending are the result of security and prestige considerations.

This thesis argues that economic growth spurs additional defense spending. The newly industrialized countries in ASEAN all have extremely high growth rates over the past two decades. This economic expansion is providing the fuel for regional-wide growth in military expenditures.

Changes in perceived threat have altered the allocation of defense spending. Most of the members of ASEAN have had significant domestic problems with which their militaries have traditionally been preoccupied. For the most part these problems have been resolved in the past decade and the state security establishments have focused on external threats. The shift away from domestic threat to external threats has been reinforced by the 1982 Third United Nations Convention on the Law of the Sea (UNCLOS III). The redefinition of traditional maritime boundaries by UNCLOS III has forced nations in the region to pay more attention to maritime security.

Finally, prestige considerations have impacted arms purchases as these nations vie for status within the region. Thailand is striving to emerge as the regional leader — either of the Association or of mainland Southeast Asia. Singapore is purchasing equipment to maintain its technological edge over its neighbors. Indonesia feels compelled to acquire additional naval assets in order to maintain its position as regional leader.

The combination of these three factors has laid the basis for a naval arms race in a region which is geo-strategically important to numerous extra-regional powers. The United States has a critical interest in the long-term stability of the region. The lack of American territorial ambitions in the region enables the United States to play a unique stabilizing role, unlike some other extra-regional actors such as China. By virtue of being physically distant from the region, the American presence is considered to be a force which enhances regional stability. The key to preventing conflict in the region appears to reside in the successful establishment of confidence and security building measures. The naval arms race is occurring while tension reducing efforts are underway.

A single event or factor can not be pointed to as the root cause of the naval arms race in Southeast Asia. The fact that traditional security concerns play a relatively minor role in the development of the arms race is important. Past arms races generally have involved two nations working against each other. By demonstrating the effect that economics and prestige have on naval arms acquisitions, clearer understanding of the dynamics of the regional arms build-up is developed.

I. INTRODUCTION

A. OVERVIEW

Southeast Asia has calmed somewhat since the end of the Vietnam war, but may be showing signs of increasing instability. As demonstrated by the South China Sea disputes and other maritime claims conflicts, tensions are on the rise. The age-old question of whether weapons cause war is being tested day by day as nations in the region have purchased record amounts of the latest weaponry. What is fueling the instability and the resulting defense expenditures?

This thesis examines naval arms acquisitions among the member nations of the Association of Southeast Asian Nations (ASEAN). Naval capabilities in the region have expanded dramatically. Partly because Southeast Asia is in an area where the oceans are significant factors in the economic, political and military futures of each state, navies have a obvious role to play. The convergence of geography, history, and a radically changed international order has spurred the development of naval forces in the region to an unprecedented level. The goal of this thesis is to show what specifically is driving increases in naval expenditures, explain why this is so, and discuss what policy options are available for the member nations and the United States to minimize the threat of an arms race escalating out of control.

In this investigation this thesis asks two sets of basic questions:

- 1) What are the levels of military and naval spending? How are the amounts being spent? Are systems being purchased or built domestically?
- 2) What are the factors driving the acquisition of naval armaments? How are these factors affecting the decision-making process?

These questions are addressed through an investigation of national case studies — Indonesia, Thailand and Singapore. During the course of this thesis these questions are asked on an individual nation basis in order to later extrapolate regional trends from national motivations. These nations were selected because of their various sizes and differing security considerations. As nations, they run the gamut from archipelago to city-state to land power. Because of the broad spectrum of national characteristics, significant increases in naval spending across the board would seem to indicate regional, vice national, trends. Possible causes of that change include shifts in security concerns, domestic structure or the international order. The remainder of this chapter examines the existing regional environment and methodology employed in this thesis.

Chapter II examines arms race theories, defines arms race and demonstrates why activity in ASEAN constitutes an arms race.

Chapters III, IV and V are case studies and focus on one nation per chapter. In each of these chapters, naval acquisitions will be detailed and critical factors illuminated affecting arms acquisition decisions. Such critical factors include past and present security concerns, domestic changes, international environment perceptions, and the effect of the United Nations Conference on the Law of the Sea (UNCLOS III).

The final chapter is an overall assessment, establishing whether there is an arms race and to what extent regional arms acquisition generalizations may be drawn. Common critical factors in the decision making process are identified and analyzed. In addition the viability of regional confidence building measures (CBMs) are ascertained. Lastly, implications for U.S. naval forces and foreign policy are identified.

B. REGIONAL BACKGROUND

The ongoing naval arms build-up coincides with the highest level of intra-regional tensions since the 1960s, a decline in consensus on external threat, and a relaxation of external constraints (i.e. shifts in the global distribution of power).¹ "Southeast Asia may be unique in that individual procurement decisions — regarding what kind of weapons to procure, how many and from whom — will play an explicit and highly visible role affecting the peace and stability of the region."² The Association of Southeast Asian Nations (ASEAN) is now comprised of seven nations, basically surrounding the South China Sea: Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam (Fig. I-1).³ Officially, the association was assembled in 1967 as an economic association of the first six (excluding Vietnam) to address common issues and problems, and was specifically designed not to be security group. Over time ASEAN has proved to be a launching pad for addressing security concerns such as the ASEAN post-ministerial conference (PMC) and the ASEAN Regional Forum (ARF).

¹ Amitav Acharya, *A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era*, Adelphi Paper no. 279 (London: International Institute of Strategic Studies, August 1993), 15.

² Aaron Karp, "Military Procurement and Regional Security in Southeast Asia," *Contemporary Southeast Asia* 11, no. 4 (March 1990): 335.

³ There is every indication that Burma (Myanmar) and Cambodia (Kampuchea) will accede in the near future.

This concept is reflected in the second objective as outlined in the ASEAN charter is "To promote regional peace and stability through abiding respect for justice and the rule of law in relationship among countries of the region and adherence to the principles of the United Nations Charter."⁴ The end of the cold war and the gradual acceptance of the Vietnamese regime undermined what unifying forces have held ASEAN together in a security context. Member states' differing perceptions of economic problems and methods of resolution have done little to build cohesiveness in the association.



Figure I-1 Map of Southeast Asia

⁴ United States Navy Department Library, Defense Arrangements in ASEAN (The Association of Southeast Asian Nations): a Select Bibliography, no. 29, March 1989.

1. Regional Navies

Why are navies important in this region? "First, within South East Asia, the exercise of power depends on being able to make use of the seas within South East Asia" and historically "each state that flourished succeeded in controlling the sea and the trade that flowed across it."⁵ As in no other region of the world, maritime endeavors are critical to the survival of each nation. The seas not only provide resources ranging from food to kelp to oil, but also strategic trade routes connecting East and West as well as North and South.

Secondly, each of the nations are newly industrialized countries (NICs) trying to enhance their relative positions in the world. A traditional mark of an influential international actor has been the ability to demonstrate power through a navy.⁶ The convergence of geographic and economic influences highlights naval requirements. In fact, these nations have been able to expand their militaries relatively painlessly by virtue of their rapidly growing economies.⁷ Not content with simply expanding their capabilities, in each nation a new pattern of self-reliance and indigenous weapons development has evolved—emphasizing the changing roles of navies in the region. Since 1980, an obvious shift to the purchase or construction of new hulls has occurred. This need for new naval equipment built on indigenous requirements signifies the increased maritime threat and enhanced naval roles in each nation.⁸

⁵ Teo Chee Hean, Commodore, Chief of the Navy, Republic of Singapore, "Maritime Power in South East Asia," *Journal of the Australian Naval Institute* (November 1991): 11.

⁶ Ian Anthony, *The Naval Arms Trade* (New York: Oxford University Press, 1990), 155.

⁷ Michael A. Morris, *Expansion of Third World Navies* (New York: St. Martin's Press, 1987), 91.

⁸ Anthony, *The Naval Arms Trade*, 28-9.

In light of the extensive changes wrought both in the strategic environment and naval force structures of the members of ASEAN, it is of significant interest to both the United States Navy and policymakers to determine the nature of what is occurring. Significant weapon acquisitions have occurred in the past ten to fifteen years. The question to be answered is whether those purchases are exclusively security driven and what is influencing the acquisition decisions.

C. ACQUISITION

Between 1985 and 1991, the trend throughout most of ASEAN has been a significant increase in total defense expenditures (Table I-1).⁹ These increases are within the range of increases throughout East Asia. The only way to finance these rising costs

Country	Change in defense spending
Indonesia	-19.34%
Malaysia	+23.36%
Philippines	+42.86%
Singapore	+30.95%
Thailand	+12.05%

Table I-1 Changes in ASEAN Defense Spending 1985-1991.

without undue hardship is by piggybacking growth in defense spending to expanding economies. This is certainly one luxury that all of the ASEAN states have been able to enjoy. For instance, the GDP per capita has more than doubled for each of the nations between 1965 and 1990 (see Fig. I-2).¹⁰

Source: *Foreign Affairs*, 72, no. 3, (Summer 1993), p. 139. Originally based on SIRPI and IISS Military Balance figures.

¹⁰ W.S.G. Bateman, Commodore, RAN "Multinational Naval Cooperation — A Pacific View," Multinational Naval Cooperation Conference, Greenwich, 12-13 December, 1991.

What are some of the motivation behind the increased expenditures? Defense planners may be using current good times to prepare for future lean times. "In many cases, projecting future economic performance is difficult, which means that short-term availability, opportunism and reactive policies characterise the procurement process in developing countries, the economic circumstances of which are too uncertain to allow any long-term planning."¹¹ Instinctively defense planners never feel the nation is properly equipped with enough military resources and avidly watch for opportunities to expand their "piece of the pie".

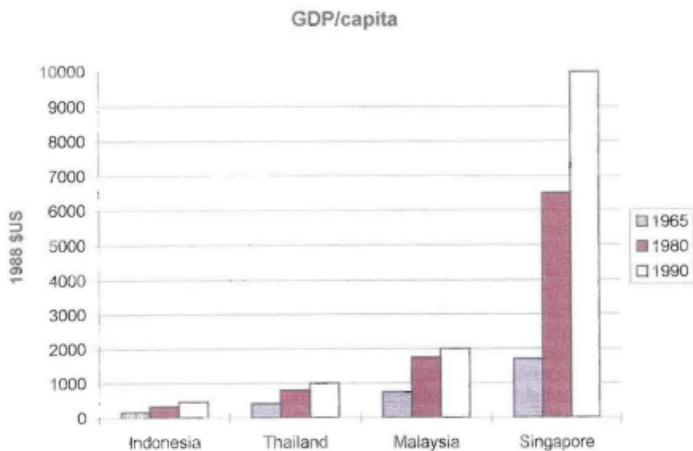
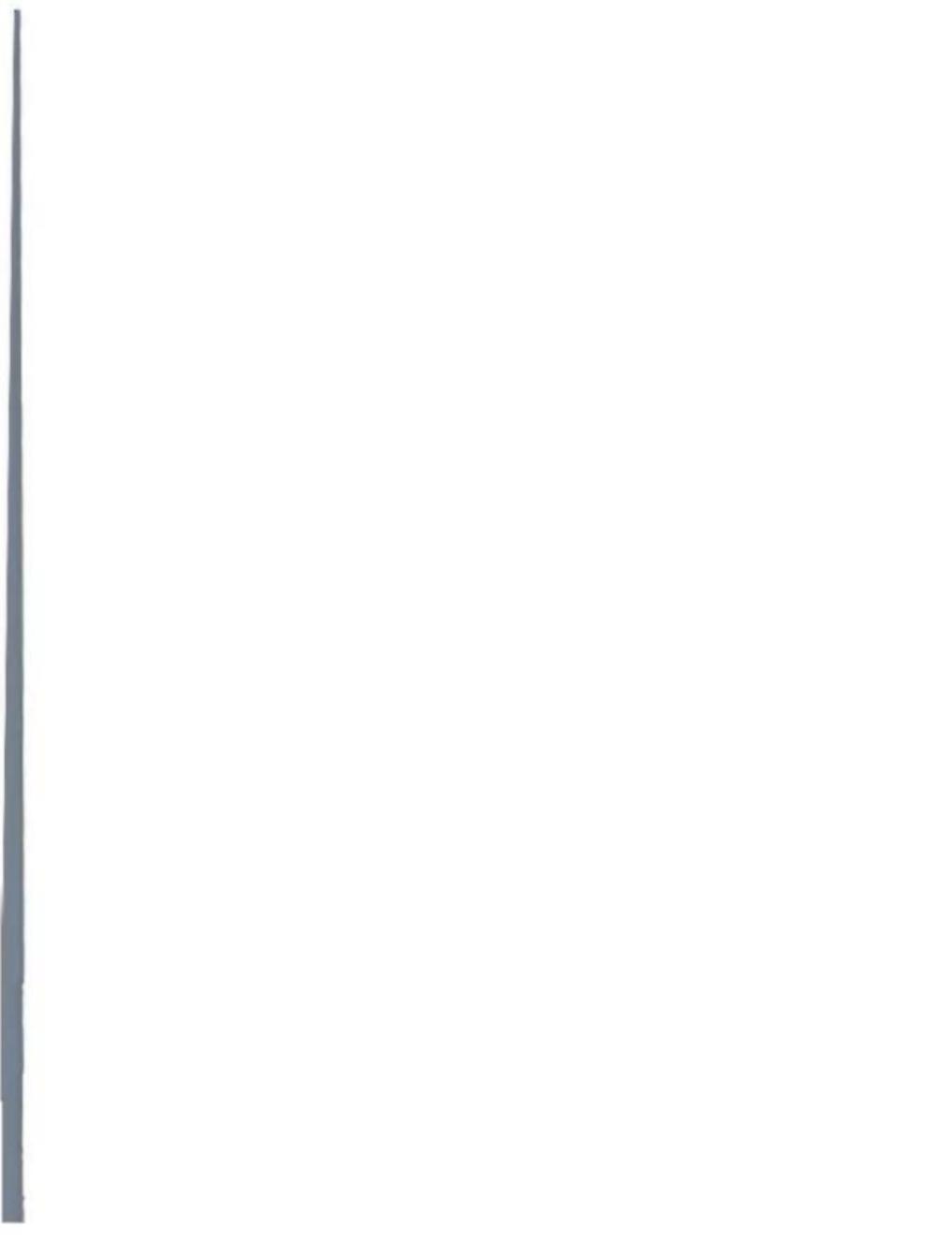


Figure I-2 *GDP Per Capita Selected ASEAN Nations.*

¹¹ Morris, *Expansion of Third World Navies*, 160.



Coincidental with the increase in naval tonnage, is the development of infrastructure, not only to support the recent naval acquisitions, but to produce parts of or entire warships. Significant technology transfer has occurred throughout the region, enabling the majority of these countries to provide many of the requirements for new construction, especially in electronics. Shipbuilding capability has also grown in these countries in support of their navies, and the production and repair of swelling merchant fleets. Five of seven nations now have the domestic ability to produce advanced fast-attack craft (FACs) and patrol craft, with two nations quickly developing the ability to produce corvettes and frigates.¹² A previous Naval Postgraduate School student in his thesis “developed a broad overall indicator linking naval power with national power – the ‘naval technology level’ -- which measures a country’s ability to sustain and deploy a navy effectively.”¹³ The Jacoby study was partly successful at quantifying this relationship, but would require significant expansion in order to be useful in this thesis.¹⁴ The results though, clearly illustrated a growing ‘naval technology level’ throughout ASEAN. While this factor is important and relevant, it is not within the scope of this thesis to examine the development of military-industrial complexes within each nation. It is sufficient for this discussion to know that there is a growing domestic capacity in each nation to produce weapons and systems.

Advances in technology have also significantly impacted the development of Third World navies, and ASEAN navies in particular. The proliferation of shoulder-held

¹² Anthony, *The Naval Arms Trade*, 79-80.

¹³ Jacoby, Lowell Edwin, “Quantitative assessment of third world sea denial capabilities” (M.A. thesis, Naval Postgraduate School, Monterey, 1977), 92.

¹⁴ *Ibid.*



surface-to-air missiles, land-based portable anti-ship missiles, FACs and land-based aircraft effectiveness have all increased the ability of smaller nations to inflict damage on aggressor naval forces without a build-up of 'blue water' capability. "PGMs (precision-guided munitions) make target acquisition almost synonymous with target destruction"¹⁵ and represent a significant hazard for the largest of navies. Combination of this advanced technology with the more than 15000 islands of Indonesia or the more than 12000 islands of the Philippines adds whole new dimensions to defense for nations in the ASEAN region, significantly complicating matters for any potential aggressor nation. Maritime reconnaissance aircraft and dual use fighters have entered naval air inventories acting as naval force multipliers.

The development of the fast patrol craft armed with anti-ship missiles (ASMs) has been a boon for developing nations. FACs are ideally suited for territorial patrol and defense of the nation from external aggressors. The ability to launch attacks from anywhere within the archipelagos substantially increases the risk for aggressor nations. Specialized crew requirements are also kept to the lowest level unlike larger vessels.¹⁶ These vessels have enabled developing nations to establish credible defenses at minimal cost. However, FACs do have serious limitations. In essence they are single-shot craft, with little ability to remain in a battlezone. Additionally the limited range and patrol times are significant constraints on the regional navies as they take on more traditional naval roles. FACs will remain an important in national maritime defense for the near

¹⁵ Uri Ra'anan, Robert L. Pfaltzgraff, Jr., and Geoffrey Kemp, ed. Arms Transfers to the Third World (Boulder: Westview Press, 1978), 398.

¹⁶ Morris, Expansion of Third World Navies, 37-8.

future, even as the ASEAN nations embark on naval acquisition programs that include corvette- and frigate-sized surface combatants.

The latest trend in ASEAN has been to purchase a few larger vessels for use as command vessels as well as forward defense assets. While this is a natural evolutionary step, it is demonstrated later in the thesis that prestige considerations are also spurring the move to larger platforms. Facilitating this upgrade in blue-water abilities is the buyers market that currently exists throughout the world. The demise of the Warsaw Pact and the Soviet Union has made available significant quantities of advanced naval weaponry at relatively inexpensive prices (not unlike the 1950s when the U.S. and U.S.S.R. sold its excess force structure to the same region). In addition, declining demand in Western countries has forced naval producers in those countries to actively search out new markets and deals in order to stay in business. The result is the introduction of new or relatively new vessels into the region originating in East Germany, unified Germany, Spain, Italy, etc. Having grounded their naval capabilities in the smaller, but also modern FACs and patrol craft, these nations have the ability to absorb new technology and systems in their defense structure unlike their recent past, yielding far more effective forces than have been associated with this region to date.¹⁷ They have shed their history of purchasing Soviet, British and American castoffs as well as increasing their technical abilities to the point where new systems are easily and professionally assimilated into the force structure (unlike many of the other nations spending large amounts of money on defense).

¹⁷ Ra'anan, Pfaltzgraff and Kemp, Arms Transfers to the Third World, 73.

What then is going on? There is obviously a variety of events taking place in ASEAN. It is clear that some are related, and questionable as to whether others are. Various logical explanations can be used to support one viewpoint or another about portions of what is occurring. Technology, prestige, economics, pressing security requirements all are suggested in the previous recounting of regional developments. None of these competing drivers emerge as the most influential. A comprehensive analysis of what the overall driving influences are, and how they are manifested is lacking. This is why this thesis has been written.

D. ENVIRONMENT — REGIONAL THREAT SUMMARY

To examine one of the most logical impetus for naval expansion, threat to national security interests, threat must be divided into five categories: extra-regional, intra-regional, resource acquisition, trade, and other. The most distinct class is the extra-regional threat, which emanates from countries external to ASEAN, but are in the near vicinity and have the potential to disrupt current arrangements. China, for instance, has embarked on a dramatic naval modernization program, especially during the 1980's, and has a history of involvement in the region, especially in Malaysia and Singapore. In addition, the Spratly and Paracel archipelago issues are not to be ignored with five ASEAN nations as well as Taiwan and China all staking competing claims in this resource rich, potentially violent question.¹⁸

As a gateway to the Indian Ocean, ASEAN is also anxious over Indian intentions. Certainly, India has developed a credible blue-water threat, enough to cause significant

¹⁸ Michael T. Klare, "The Next Great Arms Race", *Foreign Affairs* 72, no. 3 (Summer 1993): 140.

concern among ASEAN countries should India begin looking outside of her 'lake'. Not of small concern to ASEAN planners is the further possibility of being caught between India and China in some future conflict.¹⁹

Finally, the perennial fear of a militarily resurgent Japan seems to be gaining cause day by day. The US insistence in the 1980's that Japan assume security responsibilities out to one thousand nautical miles (nm) of Japan has done little to dispel escalating fears. The memory of Japan's incursions in the Second World Wars still burns brightly in the national memories of all six nations. "Tokyo's recent decisions to send (noncombatant) peacekeeping forces to Cambodia -- the first overseas deployment of Japanese troops since World War II -- has provoked much concern in Southeast Asia."²⁰ Expanding Japanese capability and a growing desire to act internationally on a level commensurate with her economic power have disturbed ASEAN leaders. The traditional US presence (at least since 1945) had minimized grounds for these fears, but the drawdown of US forces has facilitated a resurgence of these fears.²¹ While none of the ASEAN nations expect to be invaded anytime in the near future, the current shapelessness of the future causes great concern for each of them.²²

¹⁹ Hearn, "Maritime Power in South East Asia," *Journal of the Australian Naval Institute*: 11.

²⁰ Klare, "The Next Great Arms Race", *Foreign Affairs*: 142.

²¹ Hearn, "Maritime Power in South East Asia," *Journal of the Australian Naval Institute*: 12.

²² According to Acharya, "ASEAN states note with alarm the ongoing moves by these powers to develop capabilities that could be used for projecting power and asserting influence in the South-east Asian region. But perceptions of who might be the next regional hegemon are by no means uniform within the grouping. While Indonesia and Malaysia have expressed misgivings about China's prospective role, Singapore has shown greater anxiety about Japanese remilitarisation resulting from the prospective decline of the US-Japanese security relationship. In any case, the shift from the superpower to regional-power rivalry from the basis of current security debates within the region, with an implicit consensus that by seeking to balance each other, regional powers may engage in a competition that would make a multipolar regional order much less stable than the bipolar Cold War system. India's recent moves to cultivate the military regime in Burma to offset its growing security links with China is indicative of such regional competition." Acharya, *A New Regional Order in South-East Asia*, 13.

Intra-regionally, Indonesia has typically been the cause of concern by simply being the most powerful navy in the group. In addition, Indonesia's aggressive move on Malaysia in the 1960s has not been forgotten by anyone. On the other hand, Singapore has always feared acquisition by her much larger neighbor, a fear which today may be slowly subsiding. "The military buildup in Malaysia evokes understandable concern in neighboring Singapore, as does the steady improvement in Indonesian capabilities. All of these rivalries are balanced by growing trade and political links within the region, but are nevertheless likely to figure in the long-term security planning of Pacific Rim states."²³ Klare's statement captures the essence of the dichotomous relationships between neighbors in the region.

A diminished land threat may also be influential in naval expansion. The long-standing Vietnamese land threat has subsided freeing Thailand and Malaysia especially to invest defense resources elsewhere. Indirectly, the diminished land threat has also created the opportunity to increase internal naval importance in the defense hierarchy. This is not to say that the Vietnamese army of 700,000 does not pose any threat to these nations (again Thailand especially)²⁴, but the current Vietnamese foreign policy posture is one of accommodation vice confrontation.

Domestically, most of the nations still face limited insurgent groups. One of the roles of the armed forces, including the navies, continues to the maintenance of internal order and discipline. Unlike most other developing nations, each of these countries has a

²³ Klare, "The Next Great Arms Race", *Foreign Affairs*, 142.

²⁴ Klare, "The Next Great Arms Race", *Foreign Affairs*, 142.

marine corps, one of whose primary taskings is the preservation of central authority on outlying islands.

Irrefutably the roles of navies have grown dramatically, especially since the 1982 UN Convention of the Law of the Sea (UNCLOS). Territorial seas have been extended to twelve nm, and EEZs have been created extending certain sovereign and jurisdiction rights up to two hundred nm.²⁵ Territorialization of the seas carries with it the responsibility to maintain good order and discipline in these areas in order to retain control of the resources contained.²⁶ In addition, proper maintenance of EEZs and territorial seas is viewed as an international obligation the result of the international heritage of the seas. Expansion of maritime responsibility has two effects: one constabulary in nature, the other a demonstration of national will. "Naval forces tasked for naval defence out to 200 miles will have at least some potential for deep water roles beyond the 200-mile limit. Any Third-World navy which aspires to national control of the EEZ will be inclined to establish a secure perimeter or buffer beyond the EEZ in order to improve control of the national zone. Thus the roles within and beyond the EEZ are linked in Third-World security planning."²⁷ The impact of UNCLOS has been to dramatically increase the area of responsibility of coastal navies. Complicating this has been the issue of overlapping EEZ's and territorial seas. In a confined maritime environment, such as being discussed, overlap becomes a non-trivial issue. Developing the resources to effectively accomplish this has led ASEAN navies to consider a forward

²⁵ Jacob Borresen, "The Seapower of the Coastal State," Geoffrey Till, ed. Seapower: Theory and Practice: 148-9.

²⁶ Anthony, The Naval Arms Trade, 159.

²⁷ Morris, Expansion of Third World Navies, 18.

defense strategy, engaging any threat as far out as possible -- a radical departure from the navies of 10-20 years ago which revolved around FACs and coastal defenses.

Resource acquisition threats are probably the newest problem. The increased emphasis on maritime resources coupled with the expansion of the territorial seas and the creation of the Exclusive Economic Zone (EEZ) have added greatly to pressures felt by coastal states in general. Fishing rights and rights of passage have been historic cause of maritime disagreements, but have now been overshadowed by the relatively recent discovery of energy resources in the coastal waters of the region. As nations have moved into offshore operations, the need to effectively protect and regulate those activities has expanded accordingly. Traditional fishing concerns have also increased as fish stocks are depleted and demand continues to grow.

The ending of the Cold War has had a similar effect. As the Cold War was drawing to a close, international arrangements loosened, allowing greater flexibility to act on the part of smaller nations. The perceived global withdrawal of superpower fleets, especially that of the US, has accentuated this trend, creating impressions of power vacuums. From the ASEAN perspective, a perceived power vacuum is disaster, at all costs they must insure that a negative cost-benefit exists for any potential aggressor. "With national resilience [armed forces] in each country, there will be no weak links in the region to exploit, and by working together, there will be regional resilience and the region will be better prepared to face the unknown."²⁸ China weighs most heavily on the minds of ASEAN planners, but they also keep an eye to the future on India and Japan especially. The consensus being a loose-knit conglomeration of regional naval abilities

²⁸ Hearn, "Maritime Power in South East Asia," Journal of the Australian Naval Institute 13.

especially. The consensus being a loose-knit conglomeration of regional naval abilities will be enough to deter incursions from outside. Reduction of US presence, perceived as having maintained good order and discipline in the maritime region, has emphasized the important role of regional navies in continuing this mission.

Trade threats are a fourth category. Six of seven nations depend on maritime trade for their livelihood. Singapore especially, as well as Indonesia and Malaysia to a lesser extent, rely on maritime traffic through the Straits of Malacca, Lombok, and Singapore for critical percentages of their national well-being. There is little chance that any of the ASEAN members would ever try to close the straits, "in the long term these countries are perhaps most dependent of all on keeping open the strategic waterways they control, since closure would upset their own economies more than anyone else's."²⁹ A related issue is the problem of piracy which seems to have resurged in the last decade. Pirates are a growing force throughout the entire region, making their boldest attacks in the Malaccan Straits. Prior to the occurrence of the regional economic surge, piracy was a tacitly accepted activity. The boom has altered this, making trade security a vital issue.

What remains is the 'other' category, which includes new, and difficult threats to national security. Illegal immigration (refugees) and drug smuggling are the two highest profile concerns. These problems both require a specialization of assets and capabilities, drawing away from traditional missions and roles. Illegal immigration will probably be the most explosive issue, especially if the economies of ASEAN continue to grow as expected. How individual members and ASEAN as a whole deal with these problems will speak loudly to the intra-regional threat level. Resolution of these issues will not be

²⁹ Anthony, The Naval Arms Trade, 158.

the result of naval activity, but any action will have a large naval component if only because of the geography of the region.

Beyond intra-regional threats are suspicions of neighbors basically caused by weapon acquisitions. While each nation claims modernization and contingency planning are the factors behind recent acquisitions, these reasons offer little comfort to neighbors. This is distinct from intra-regional threats addressed in the second hypothesis because those concerns are identified (i.e. contested borders, etc.). In this case, these threats are ill-defined and characterization can quite be possibly reactionary in nature. Because of the relatively small size and limited military capabilities of each of these nations, they are obviously not planning against a major Chinese, Japanese or Indian movement into the region. Who then are they planning their contingency scenarios around? The only answer left is that they are planning against their neighbors to some extent. For instance, the prospective delivery of a Thai helicopter/V/STOL aircraft carrier has caused great consternation among other members. Second guessing the motivation for acquiring a light carrier has returned few comforting answers to planners in the region.³⁰ (This platform purchase, may in fact be a classic example of a destabilizing weapon.³¹) The ramifications of carrier warfare are not lost on Thailand's neighbors.

³⁰ J.N. Mak and B.A. Hamzah, "Navy Blues," *Far Eastern Economic Review* (Mar 17 1994): 30.

³¹ Seth Carus, "Weapons, Technology and Regional Stability" p.10, NS4250 Summer Quarter 1994 Course Reader #2.

E. METHODOLOGY

Based on the background information previously presented, and the debate over the characterization of an arms race, the best course to take is to examine each nation on a case by case basis. It would appear that each nation has a number of incentives and disincentives for acquiring arms — some may be unique, others may be common between nations. If the actor level of analysis holds true then more factors ought to be different than the same (although they may be similar in nature). Three hypotheses will be tested based on likely factors driving the situation.

Variables: The dependent variable is naval acquisitions measured in terms of numbers of systems purchased, timing of purchases and types of purchases made. The independent variables are: 1) national economic performance, 2) security threats, and 3) prestige.

Hypothesis 1: If a nation's wealth increases, then its expenditures on defense also increase.

Rapidly growing regional economies are providing the financial resources to finance significant military expansions or modernizations. This will be measured by examining growth in Gross Domestic Product (GDP) and then looking for corresponding growth in defense expenditures as percentages of GDP and Central Government Expenditures (CGE). Numerous authors such as James Payne³², and David Hewitt, International Monetary Fund Economist ("Military Expenditures Worldwide:

³² James L. Payne, Why Nations Arm (New York: Basil Blackwell Inc., 1989).

Determinants and Trends, 1972-1988”³³) suggest that as nations become richer they spend a greater proportion on defense matters.

Hypothesis 2: If there is a change in perceived threat, then military forces are structured accordingly.

Threat may take various forms including domestic rebellion, external aggression, border conflicts and fallout from the United Nations Convention on the Law of the Sea (UNCLOS III). Dividing threat into two categories enables this thesis to engage both actual and perceived threats. Using a start date of 1982, naval acquisitions are indexed with respect to UNCLOS III. Growth in extra-regional fleets are measured (China, India). Last in the list of actual threat domestic security problems are assessed.

Finally, references made in official statements are used as indications of perceived threat.

Hypothesis 3: If a member nation makes a qualitative jump in weapons systems, then other states must follow it (the prestige factor).

In an era of contingency planning, forces purchased meet national security goals (ostensibly extra-regionally driven), but also have a secondary effect of disturbing intra-regional perceptions, i.e. other regional actors feel threatened by additional weapons purchases. The overall low level of armaments (fleets that number in the tens and twenties and air forces that amount to a few squadrons) create an environment where each additional purchase is very visible and has an impact.³⁴ Michael Morris suggests

³³ Daniel Hewitt, “Military Expenditures Worldwide: Determinants and Trends, 1972-1988” *Journal of Public Policy* 12, no. 2: 105-152.

³⁴ Morris, *Expansion of Third World Navies*, 279.

that despite a rational underpinning, developing third world naval acquisitions are also driven by prestige factors.³⁵ Dana Eyre and Mark Suchman argue prestige factors are part of the state's self-image, linking weapons acquisitions with the image a state wants to project.³⁶

Based on these hypotheses it will become clear that a naval arms race is occurring in ASEAN.³⁷ The key element separating the arms race characterization from simple modernization is the regional shift to contingency planning and analysis of forces being purchased. These forces are not designed to engage significant external power forces, but they are more than simple constabulary navies. So, while there are very real and legitimate reasons supporting modernization of ASEAN naval forces, it is the perceptions of the other members which are affected in the process which earn the label of arms race.

See also Dana Eyre and Mark Suchman, "Status, Norms and the Proliferation of Conventional Weapons: An Institutional Theory Approach," in Peter J. Katzenstein, ed., *Culture and National Security* (New York: Columbia University Press, in press), Chapter 3, p. 17.

³⁵ Institutional arguments are able to make comprehensible many otherwise problematic aspects of militaries and weapons proliferation. It is quite common for developing nations to maintain only a single "squadron" of four or five advanced aircraft -- too few to offer any substantial strategic or tactical benefits in any but the rarest of circumstances, but enough to constitute a reasonable air show.

³⁶ Morris, *Expansion of Third World Navies*, 19.

³⁷ Eyre and Suchman, "Status, Norms and the Proliferation of Conventional Weapons," in Katzenstein, *Culture and National Security*.

For instance on p. 16 the authors write "This argument {institutionalist theory} suggests that, far from being an aberrant event, the militarization of the third world is inextricably linked with the extension of the nation-state system and the development of "national sovereignty". Thus, it can be argued that the developing world is militarized, not because of particular events or forces within or between developing world nation-states, but because the developing world is made up of nation-states and one of the defining characteristics of the nation-state is the possession of a modern military.

Later, on p. 21, the authors write "A weapon's symbolic significance is dependent on the degree to which a given weapon is linked to cultural ideas and images of the nation-state; highly technological, visible, unique weapons are more effective at symbolizing independence than mundane, unremarkable weapons. Thus, just as weapons can be thought to vary in technical capacity (e.g., "throw weight" the capacity of a missile in terms of a weight/distance measure) so too can they be seen as varying in terms of institutional integration or "symbolic throw weight."

³⁷ For a differing opinion see Acharya, *A New Regional Order in South-East Asia*, 64-69.

Case Selection: At this juncture, acquisition incentives seem to be outweighing disincentives (because of expenditure levels that have steadily increased). These incentives and disincentives will be examined for the cases of Indonesia, Thailand, and Singapore. This selection of cases (a large maritime power, a medium land power, and a small city-state) will accurately cover the spectrum of arms purchasing motivations for the region. ASEAN is composed of three types of states — archipelagic (Philippines, Indonesia), continental (Vietnam, Malaysia, Thailand) and small surrounded states (Brunei, Singapore). Choosing one representative from each category I hope to draw out any regional trends in the conclusion.

During each case examination it will be necessary to establish the relationship of the hypotheses to each other and the likely role they play in the actor's decision-making process. After each case is examined the results can then be compared and patterns established. I expect the predominant hypothesis to be different for each nation, but marginalized in each case to create congruity across the region. If the results indicate a strong similarity between nations, then either the choice for level of analysis is in error (i.e. systemic, relational, or sub-actor reasons predominate) or the selected hypotheses do not accurately represent the criteria in the decision making process.

II. IS THERE AN ARMS RACE?

A. REVIEW OF ARMS RACE THEORIES

Much of the discussion concerning the nature of acquisitions in Southeast Asia hinges upon arguments over definitions. There is no single widely accepted definition of an arms race that may be used to evaluate the situation in ASEAN. Some of those contending positions will be laid out here as a framework for later discussion and as justification for the appropriate choice of definition. I select one position and expand upon it for analysis of the ASEAN arrangement.

Lewis Richardson began the discussion with his arms race definition in 1960. That interpretation posits a "two-actor model where arms increases were positively related to the threat -- the opponent's arms level -- and negatively related to the defense burden -- one's own arms level."³⁸ This 'action-reaction' definition has become the classic departing point for all discussions about arms races. Its limits though, are obvious. This definition precludes the possibility of technological or industrial driven acquisitions, bureaucratic inertia, lobby groups, etc. The simplicity of the model constrains evaluation of the Southeast Asian situation to a point where it becomes useless.

³⁸ Nils Petter Gleditsch, "Research on Arms Races," in Nils Petter Gleditsch and Olav Njelstad, eds., Arms Races, Technological and Political Dynamics (Newbury Park: Sage, 1990), I.

Another option, a definition that evolved in the early seventies, relies exclusively on endogenous factors. Dieter Senghaas disputes the entire basis of the action-reaction model and claims that arms races evolve from “self-centered imperatives.”³⁹ He asserts that arms races develop from purely qualitative issues — that nations force themselves into rapid modernization in attempts to improve precision, reliability, and invulnerability.⁴⁰ In this model, external forces are considered only indirectly, specifically in assessing the vulnerability of one’s own systems. Unfortunately, this approach also offers little insight into Southeast Asian armament dynamics. For a “big”, leading technology, great power nation this theory probably has some merit. It does not, however, translate well to a situation where the nations in competition are second or third string in terms of weapons technology. These nations are vulnerable to an assortment of nations (China, Japan, US and Russia) with technology and force projection capabilities that they can not hope to match at any time in the next twenty years. If considered on an intra-regional basis alone the argument has more validity, but is still not a satisfactory explanation. None of these nations are pursuing basic programs of research and development in hopes that there will be future defense payoffs. The ASEAN nations are purchasing technology and systems from outside suppliers in partial response to external developments and not due to a military-industrial complex bent on constant improvement. Thus as a motivator for an arms race, this approach seems to be wide of the mark. While questions of precision, reliability, and invulnerability are natural

³⁹ Dieter Senghaas, “Arms Race Dynamics and Arms Control,” in Gleditsch and Njolstad, *Arms Races*, 15-16.

⁴⁰ *Ibid.*, 17.

questions of any national security system, these will most likely not be the questions driving the acquisition train.

These two attempts laid the groundwork for a diversity of other definitions of arms races ranging from the military-industrial complex to the bureaucratic politics to the technically possible. Gleditsch suggests that all the theories can be categorized at four levels: (1) internal — or subunits of the actor; (2) actor — the actor itself; (3) relational — relations between two or more actors; and (4) systemic — the social system or physical context.⁴¹ Within these four categories are infinite suggestions for critical independent variables, all providing some measure of explanation, but none providing a complete answer within one level.

On the internal level, likely candidates include the military, national technology and subversive groups. ASEAN nations, while being prone to allowing the military to play a large role in governing, seem to consider much more than internal matters alone. In each nation the military holds a place of prestige and power, but are not allowed to be the final decision-makers for the nation. Virtually all the member nations have had to contend with serious domestic armed opposition groups, but there appears to be little correlation between force acquisitions and domestic problems. And, since these nations have only recently developed the capabilities for limited domestic arms production, it is unlikely that a military-industrial complex argument will hold any water.

⁴ Nils Petter Gleditsch, "Research on Arms Races," in Gleditsch and Njelstad, *Arms Races*, 7.

The arms race definition I use is one that integrates different inputs, one which evolves out of the heuristic decision rules process⁴² at the actor level. This approach defines the weapon procurement process as a two step operation. The first step is a "bureaucratic-political decision to establish a certain rule or goal," and the second an "economic decision on the procurement of weapons to satisfy this rule or achieve this goal."⁴³ This rule-making, and the satisfaction thereof, opens the door to a variety of influences. Action then is based on perception of the environment and the goals best suited for that environment. I focus primarily on the actor level and the events that drive the actor's decision-making process. As previously indicated, events do occur on the other levels, but I consider their effects as inputs to the actor, and not as stand-alone action criteria.

The third level concerning relational factors, while important, also does not seem to be the critical factor. None of these nations is now, or at any time in the foreseeable future, locked in a struggle for its existence. Their relationships are better characterized by friendly competition and normal distrust of one another. There are no long standing blood feuds around which to rally national sentiment (at least as far as their ASEAN neighbors go).

Systemic factors, the fourth level, again while important, do not seem to be the critical decision variables. The ending of the Cold War is unquestionably important, but is not a continuous input into the system. While some nations are stronger and more

⁴² Michael D. Intriligator and Dagobert L. Brito, "Arms Race Modeling: A Reconsideration" in Gleditsch and Njolstad, Arms Races, 71-73.

⁴³ Ibid., 71-72.

powerful than others in the region, there is an accepted hierarchy of power and authority in the region. Possibly more importantly, the region still experiences considerable external exertions of power (i.e. the United States, China and Japan) which tend to minimize internal competitions. Since there is a minimal level of systemic confrontation, it is difficult to argue that this is the deciding level.⁴⁴

As an alternative, James Payne in Why Nations Arm suggests an actor level model which he feels accurately explains the armament policies of most nations. In this model Payne ties force levels to the wealth of a nation in attempt to define norms and averages⁴⁵. He indexes military effort by dividing the force ratio of a nation (the number of full-time military personnel per thousand population) by the proportion of national resources that are discretionary.⁴⁶ This approach would yield higher absolute force levels for richer countries, but which are level when compared to relative economic strength. Thus, a richer country can afford more defense than a poorer one. Even more importantly, a nation that amasses wealth also then “naturally” grows its defense at a rate

⁴⁴ Dieter Senghaas, “Systemic Confrontation, Armament Competition and Armament Dynamics,” in Gleditsch and Njolstad, Arms Races, 347.

As Senghaas puts it, “Systemic confrontation (or power rivalry) refers to the political framework within which armament competition is observed. This is an objective situation which is not a result of misperception, although misperception often plays an important role also on this level. Systemic confrontation comes about for several reasons, but primarily through struggle for dominance in conflicts over hegemony. Systemic confrontation is usually nourished by mutually incompatible socio-political and ideological motives.”

Later Senghaas discusses armament competition as it relates to systemic confrontation. “The goal in armament competition is to constrain the military options of the political opponent. Actions and reactions can be both closely and loosely related to each other. Closely, when specific reactions are countermeasures to specific actions. Loosely, when the military programs of both sides confront each other, without being directly interrelated like cogs in a cogwheel.” “Armament competition is the military result of systemic confrontation and power rivalry.”

⁴⁵ Another alternative, traditional Mahanian reasoning, seems not to have much applicability in the region. While there has been significant growth in the merchant fleets, there has not been proportional growth in naval abilities or numbers. While, there has been significant expansion of naval capabilities of ASEAN naval forces, it appears not to be directly linked to growth of merchant marines. For instance, Malaysia’s merchant fleet has quintupled since 1975, but her naval forces have increased only by a factor of one-third. Additionally, what naval augmentation has occurred, has primarily been in coastal craft, not in craft able to protect merchantmen outside the territorial waters or EEZ.

commensurate with its economic growth that is independent of any outside considerations (i.e. engaging in an arms race). This is an approach which must be considered in the ASEAN characterization due to the rapid economic growth experienced by all member nations.

Payne goes on to assess the impact of other factors such as regime type, culture, religion, geography, conflict involvement and domestic opposition resulting in a model which he feels explains all variances from his basic assertion (using 137 case studies). While these other factors may in fact be useful, the definitions employed to generate high significance levels are fairly arbitrary and of limited usefulness in this thesis. (For instance, Indonesia is not listed as having a military regime. Singapore is listed as an island nation which, while true, because of its proximity to Malaysia — a river separation, should not be compared to the likes of New Zealand, Australia or the Philippines.) Overall Payne's analysis on a global level offers an interesting backdrop for my analysis. His effort to tie economic resources with some type of predisposition for warfighting adequately describes how cultural factors are linked to defense spending. Unfortunately, by concentrating solely on cultural factors (read historical tendencies) as modifiers, he ignores the possibility of new influences either in various cultures or entirely outside of cultural considerations (such as technological impetus to arms purchases). It is for this reason that I have adopted the approach outlined.

One additional matter concerning the general nature of arms races, that is the very concept of a race, must be addressed. A race can be defined as a constant acceleration

⁴⁶ James L. Payne, Why Nations Arm (New York: Basil Blackwell Inc., 1989), 46.

or, in more traditional terms, a competition consisting of an initial acceleration followed by a steady state progression towards the endpoint. If one uses the constant acceleration definition, the question of an endpoint quickly becomes a problem. Constant acceleration in an arms race would require ever increasing percentages of a nation's resources, ultimately consuming the nation in the process. On the other hand, using the more traditional race definition, initial growth in defense expenditures are followed by a leveling off effect. This stabilization permits a certain constancy to develop in the arms race, enabling a nation to continue spending on defense without self-destructing in the process. This definition would seem to best characterize the "race" between the United States and the Soviet Union. It would also seem most applicable to the patterns emerging out of ASEAN. While the nations are spending considerable amounts of money on defense, there have been real and relative cuts in defense expenditures even while qualitative improvements have continued to be made.

Even having characterized the work "race" itself, the type of "racing" is still a question. The goals of nations engaged in a race may vary from that of follow-on to catch-up to stay-ahead.⁴⁷ Since I am dealing with a multilateral group of nations and

⁴⁷ As quoted from Nils Petter Gleditsch in endnotes 19-21 "Research on Arms Races," in Gleditsch and Njolstad, eds., Arms Races, 14.

Gleditsch defines his arms race typology terms as follows:

A "follow-on" effort is "an attempt to prevent the opponent from gaining an overwhelming superiority, particularly a disarming first strike capability. Thus, one races, but not to get ahead of the opponent, merely to prevent him from getting too far ahead."

A "catch-up" plan requires "behavior intended to match the opponent's forces. A desire to maintain the 'balance of power' is often translated into a necessity to balance military forces."

Finally a "stay-ahead" approach is a "form of arms racing where one always attempts to have more military force than the opponent. The justification for this may be the belief, frequently expressed by either side in the East-West arms race, that it is not going to be the aggressor. However, there is no cause for the other side to worry about superiority."¹⁸

not a bilateral arrangement, I believe it is reasonable to expect to find any or all of the three types of racing occurring. The nature of these goals for each individual nation will necessarily determine other details and are entirely consistent with the notion of the heuristic decision rules process.

B. FACTS AND FIGURES

While it is not possible to break out naval expenditures from overall military expenditures, it is possible to create a comprehensive picture by using a variety of other tools. Undeniably there has been a huge increase in defense expenditures between 1983 and 1993 (Table II-1). Of interest is the huge increase in spending on the part of most ASEAN members. This increase however is not matched by spending increases in the nations which are touted as regional threats (India, China). Most of this discrepancy is accounted for by the low initial spending point.

Country	Brunei	Indonesia	Malaysia	Philippines	Singapore	Thailand	China	India
Military Expenditures (ME)	+27%	+5.0%	+61.3%	+47.4%	+130%	+70.6%	+5.9%	+50%

Table II-2 Change in Military Expenditures 1983-1993

Source: ACDA, World Military Expenditures and Arms Transfers 1993-1994.

1. Overall spending levels are rapidly increasing. The increases represented in the previous table are significant when compared against regional aggregates. Over

aggregate increase was 54.9 percent. By contrast, the Middle East saw an aggregate decrease in military expenditures of 52.6 percent.⁴⁸

1. Purchases

The nations of ASEAN have embarked on regionally significant "modernization" programs. Specifically each nation has been moving away from purchasing counterinsurgency weapons and pursuing systems more appropriate for interstate war. Aiding in the shift has been the glut of weapons on the international arms market, in essence creating a buyer's market in most armament categories. Included in this build-up has been the purchase of tactical aircraft, maritime patrol aircraft, and ships.

While the following chart (Fig. II-1) does not reveal a constant increase in numbers of vessels purchased, it does indicate an upsurge in purchases in the last five years. Ship acquisition numbers include vessels of more than 100 tons unless they are research vessels, tugs or icebreakers. Small patrol craft are included only if they carry 100 mm or greater calibre canon. Note the sensitivity of the graph. Single purchases make a large difference in the direction of the curve. A similar sensitivity may be ascribed to regional security perceptions. While absolute numbers of platforms purchased may not be large, any increase in the region may have a substantial impact. This will be examined further during the case studies.

⁴⁸ U.S. Arms Control and Disarmament Agency, World Military Expenditures and Arms Transfers 1993-1994, (Washington: U.S. Government Printing Office, 1995), Table I, 46.

ASEAN Naval Acquisitions 1970-1994

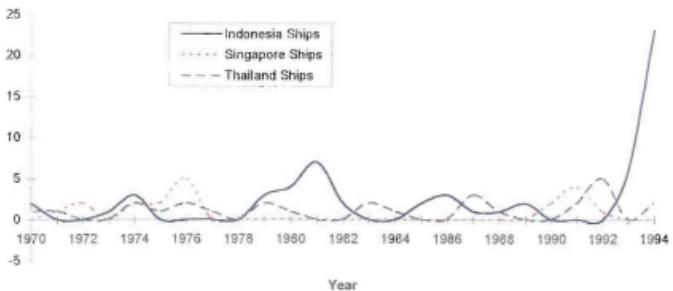


Figure II-3 ASEAN Ship Acquisitions

Now, the above graph when taken in combination with the next one (Fig. II-2) begins to illuminate the maritime emphasis of weapons purchases in the region. The trends, while not being absolute are present. There has been a decline in land system purchases, beginning around 1980. Land systems include armoured vehicles (tanks, tank destroyers, armoured cars, armoured personnel carriers, armoured support vehicles and infantry combat vehicles, but not lorries, jeeps, etc.) Also included is artillery (multiple rocket launchers, self-propelled and towed guns, and howitzers of 100 mm calibre or greater). Thailand has recently purchased significant amounts of land systems, but more than likely this is the result Chinese friendship efforts than anything else. In addition, it should not be overlooked that Thailand is the "land power" representative in the case studies and would be expected to have significant levels of land system purchases.

ASEAN Land System Acquisitions 1970-1994

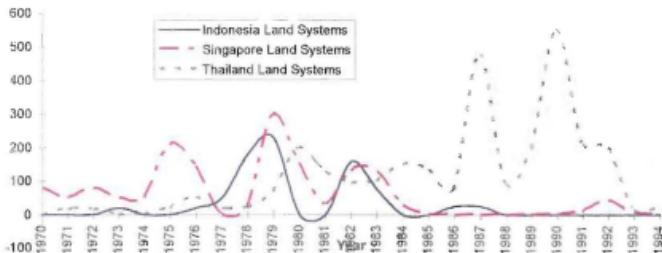


Figure II-4 ASEAN Land System Acquisitions.

Overall, though, the trend seems clear. There appears to be a shift in emphasis away from land system acquisition towards ships (and aircraft).

2. Quality

Beyond simply buying more systems, each nation has also driven down the average age of the fleets. While average age is not evidence in itself of quality of a fleet, it is fair to say that a fleet that is younger is probably more modern and more capable than a fleet which is significantly older. For instance, each of these nations has experience with owning castoffs from other nations. The United States and the Soviet Union dominated this practice, supplying military aid in the form of ships that were twenty to thirty years old when turned over to their second owners. Ships in this category were not only hopelessly outdated, but frequently barely seaworthy.

	1975	1980	1985	1989	1993
Indonesia	20.8	17.3	16.2	17.7	14.2
Singapore	8.3	9.5	9.3	13.3	14.3
Thailand	30.6	17.1	18.3	12.6	16.2

Table II-3 Average Age of Fleets

Current inventories indicate fleet ages that have been halved in some cases (Table II-2). In addition to the average age changes, the navies have all diversified from being FAC oriented. The individual navies have taken on more robust capabilities by adding corvettes, destroyers, submarines, and in Thailand's case, a small aircraft carrier. This sort of expansion will certainly not cause any fear in the hearts of sailors in the Chinese or Japanese, but it will cause the member nations of ASEAN to consider their neighbors more carefully.

C. FORCE LEVELS

Force levels are presented here as an overview of the region's naval situation. Specifics will be addressed in the case studies for the selected nations.

Indonesia possesses the strongest naval force by a substantial margin, including operation of the only submarines indigenous to the region. Recent enhancement of Indonesia's naval capabilities including 2 Type-209 submarines, and ex-East German supplied 16 corvettes, 14 LSTs and 9 MCMs⁴⁹ has caused concern among the other members of ASEAN. Ostensibly "the vessels were to be used for anti-drug/anti-piracy duties"⁵⁰ and as such had most of their weapons removed prior to transfer, but still

⁴⁹ Charles Ricker, "Indonesia continues its naval build-up" *Jane's Defence Weekly* (30 January 1993): 4.

⁵⁰ *Ibid.*



provide the basis for significant improvement in Indonesian naval capabilities, especially in force projection.

In Indonesia's defense, it has only 738,268 square miles (mi^2) of land and 666,100 mi. of baseline coast, but has 1,577,300 square nautical miles (nm^2) to patrol as its EEZ.⁵¹ To adequately patrol this entire area by traditional western standards would require naval forces quite in excess of what they currently possess or will likely ever develop.

Thailand's procurement of a helicopter carrier with V/STOL aircraft capability is cause for genuine concern among the other ASEAN nations. The publicly cited reason for this acquisition has been the perennial Vietnamese threat, but in light of the softening of that threat, and gradual acceptance of Vietnam internationally this line of reasoning has limited credibility. The real reason, probably power projection throughout the South China Sea region is troubling for other nations around that region. The delivery of the carrier may also boost the navy's domestic rank where it currently is the junior service.

Singapore dominates maritime commerce, but has a tiny navy of 26 vessels (not including riverine patrol craft). Ultimately, Singapore is in the most tenuous position, being the smallest nation geographically, and with no significant natural borders separating it from Malaysia, and only thirteen nm of water separating it from Indonesia. The impact of this drives Singapore to routinely seek regional harmony, trying to draw all its neighbors into viable, working arrangement that benefit all, but whose supreme goal is the continued survival of Singapore. In line with this reasoning, Singapore has signed a

⁵¹ Morris, *Expansion of Third World Navies*, 131, Table 5.6.

Memorandum of Understanding (1990) with the United States allowing a few U.S. jet fighters to be rotationally based at Pesta Labor air defense installation and offering increased port access⁵², an arrangement that offers mutual benefits with minimal costs.

Brunei is in a similar situation, being a small nation with one much larger neighbor — Malaysia. Unfortunately, Brunei does not have many of the strengths that Singapore has: limited strategic interest by major powers, little indigenous shipbuilding capability, and a very small merchant fleet. It may be, in fact, that Brunei is just now emerging as a maritime nation in the classic sense. Brunei's best defense is a low level of external interest.

The Philippines are the most troubled and have the least capable navy. Until the US withdrew from Subic Bay, the Philippine navy had little to worry about in terms of defense against an external aggressor. The Philippine Navy as a result had many assets (leftovers from WWII), but little operational capability. Compounding the problem is a land/water ratio similar to Indonesia (115,600 mi² of land and 328,345 of baseline coast compared to 520,700 nm² to patrol)⁵³. The most effective arm of the navy was the riverine patrol section and counter-insurgency troops. In the late 1980's, the Philippine navy embarked on a program of modernization, first disposing of the rotting hulks that were a drain on tight fiscal resources. They are still in the process of slowly reinventing the navy, starting small and looking up. Fortunately they apparently have the luxury of time.

⁵² Hugh Smith and Anthony Bergin, ed. Naval Power in the Pacific: Toward the Year 2000 (Boulder: Lynne-Rienner, 1993), 50.

⁵³ Morris, Expansion of Third World Navies, 131, Table 5.6.

A hodgepodge of capabilities and perceived threats for each nation emerge at first glance. The information on the non-case study nations has been included to flesh out the regional snapshot. Knowing the composition of the respective fleets, it is reasonably clear that additional purchases, even at low levels, would disturb what balance exists in the region. This is in fact what is occurring. Singapore has recently signed a submarine training agreement with an option to buy. Indonesia has ordered two more submarines and is considering stepping up a rung with its surface ships. Thailand is building a light aircraft carrier in Spain⁵⁴. This is the outline of a regional arms race.

⁵⁴ Rodney Tasker, "Silent Service: Navy reaps rewards of steering clear of politics" Far Eastern Economic Review 21 October 1993, p. 30.

III. INDONESIA

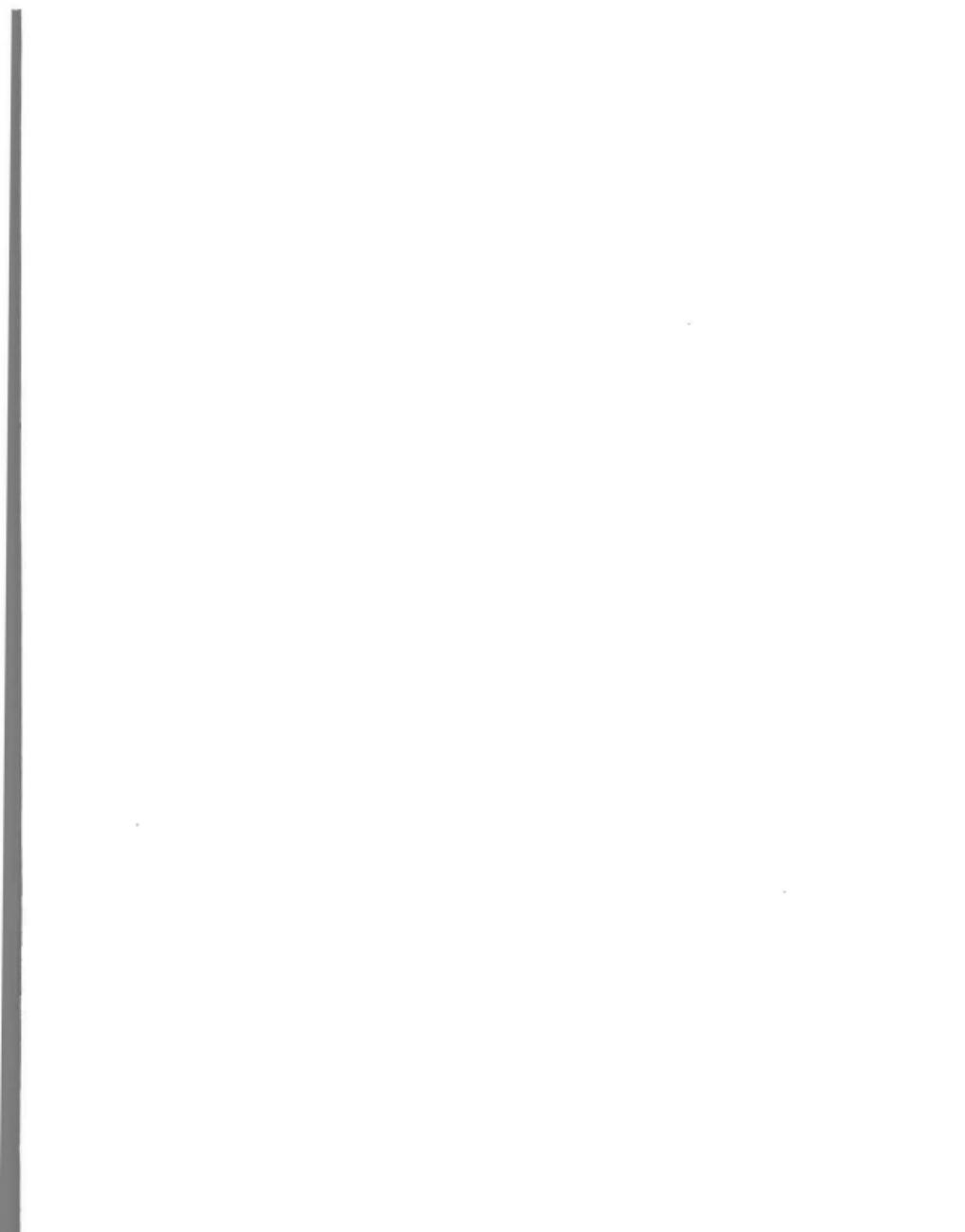
A. INTRODUCTION

Indonesia stretches over 3000 miles and is an archipelagic nation. The navy in such an environment obviously plays a significant role in both day-to-day life of the nation as well as in its defense.

By applying the three hypotheses to Indonesian military and naval developments, it is demonstrated that not all purchases can be explained for rational reasons (i.e. economic expansion or security concerns). Some acquisitions and trends, in fact, are due to prestige factors related to status in the region. As the de facto leader of ASEAN, Indonesia understandably would prefer to retain that position. Some members of ASEAN are making that more difficult as they purchase weapon systems that undermine Indonesia's traditional regional military superiority and pursue policies external to ASEAN official policy. The result is activity which is indicative of an arms race.

B. ECONOMICS

The Indonesian economy has increased four and a half times over the past twenty-five years. According to the economic hypothesis there should be a corresponding increase in military expenditures and, all things being equal, a rough translation to increases in fleet size. It is apparent from Figure III-1 that military expenditures have not kept pace with increases in GNP. In fact, while there has been an eighty percent increase



in GNP over the past ten years, there has been only a five percent increase in military expenditures.

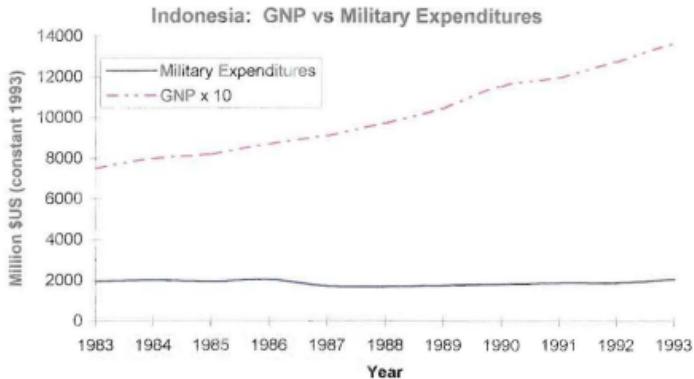


Figure III-1 Military Expansion. Note: Real GNP is Ten Times Figures Indicated on Graph.

While this slight increase in defense expenditures is in keeping with my first hypothesis (in that it is not a decline), it is certainly not the sort of increase in expenditure expected (Fig. III-1). Based on this a question to be asked is whether the navy has received an increased proportion of defense resources.

It should be noted that Indonesia, as well as Singapore, has made a concerted effort to limit its external expenditures on arms by developing indigenous capabilities for arms production. If Indonesia has accomplished this to any extent, becoming efficient in production, it is reasonable to assume that overall acquisition costs will decrease while simultaneously providing positive input to GDP levels. The effect of arms substitution

per se is not the focus of this thesis and accordingly is not further examined.⁵⁵ It is mentioned here as a potential caveat to weapons import figures. Indonesia has been able to produce lower end naval assets such as fast attack craft (FACs), but has yet to produce indigenously anything larger (despite having plans to do so).⁵⁶

Indonesia does not release (nor do any of the ASEAN nations) a breakdown of defense spending. Because of this, it is only possible to extrapolate trends in defense spending based on force acquisition. This is accomplished using two methods. The first is a comparison of naval acquisitions (ships) versus GDP. The second approach is a trend assessment of numbers of platforms purchased according to the branch of the military.

While the purchase of ships is not entirely consistent with the trend in GDP in Figure III-2, it does reflect upward movement in a general sense. One of the anomalies — the period between 1982 and 1985 — is explained by looking at Indonesian oil revenue. 1982 saw a decrease in oil revenues of 1.1 percent followed in 1983 by a decline of 29.5 percent. The negative growth in oil revenues continued through 1987.⁵⁷ As the Indonesian economy moved away from its dependence on oil and continued its

⁵⁵ For further discussion see Lewis W. Snider, "The Political Dimensions of Military Spending and Debt Service," *Contemporary Southeast Asia* 11, no. 4 (March 1990): 278-305; and, Aaron Karp, "Military Procurement and Regional Security in Southeast Asia," *Contemporary Southeast Asia* 11, no. 4 (March 1990): 355-6.

Snider states, "The simultaneous increase in military production and decline in arms imports does not, by itself, indicate that domestic arms industries create an arms imports-substitution effect. However, the decline in arms imports in the face of continuing internal and external security threats suggests that these governments were able to shift public resources from one category of military expenditure to another, possibly as part of a comprehensive industrialization strategy."

⁵⁶ R. Supartha, "Indonesia's Navy Balancing Strategy and Introspection," *International Defense Review* 24, no. 3 (March 1991): 195.

⁵⁷ Andrew L. Ross, Growth, "Debt and Military Spending in Southeast Asia," *Contemporary Southeast Asia* 11, no. 4 (March 1990): 257-58.

expansion in earning foreign exchange from other sectors of the economy, spending on defense stabilized and slowly increased again.⁵⁸ This is reflected in naval acquisitions in 1983 and 1984 with zero purchases, and low numbers of purchases during the next few years.

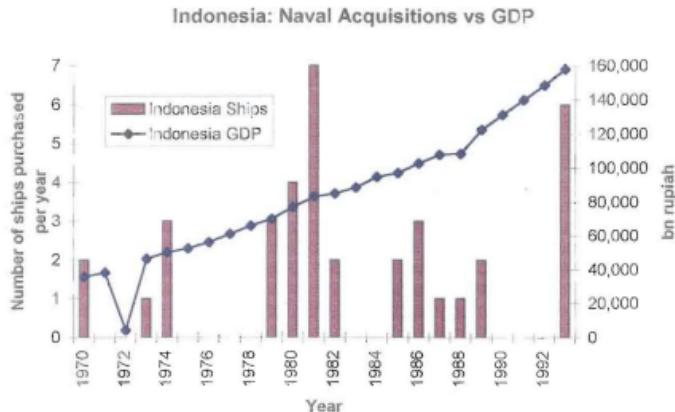


Figure III-2 Naval Acquisitions 1970-1993

How has the Indonesian navy, or TNI-AL (Tentara Nasional-Angkatan Laut), fared compared to its fellow services? Despite being junior to the army and roughly equal to the air force historically, the navy recently has seen increases in its proportion of acquisition money. In Figure III-3 there is a definite decline in land systems and aircraft acquired. While this partially due to an overall rise in acquisition costs (modern

⁵⁸ Robert E. Looney and P.C. Frederiksen, "The Economic Determinants of Military Expenditures in Selected East Asian Countries," *Contemporary Southeast Asia* 11, no. 4 (March 1990): 273-74.



weaponry is proportionally more expensive), it is also true that maritime affairs have increased in visibility, and therefore, government attention.

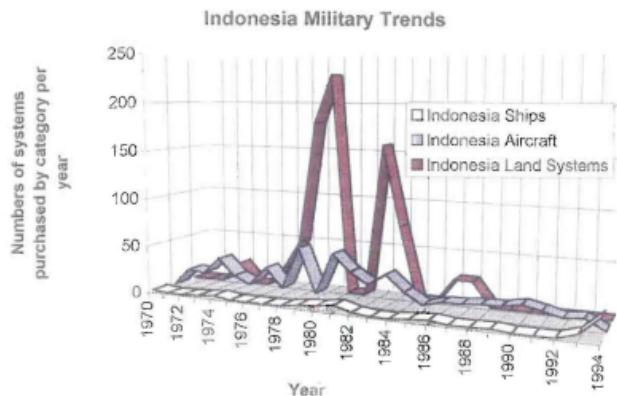


Figure III-3 Indonesian Military Acquisition Trends 1970-1994

Overall it appears that the economic hypothesis provides little insight into the source on naval acquisitions in Indonesia. The correlation between economic growth and naval acquisition is weak. Military force acquisitions appear to be driven by factors other than economic growth.⁵⁹ Despite this weak economic correlation, naval expenditures as a percentage of overall defense spending appear to be increasing. This occurrence is not predicted in the economic hypothesis but lends itself to further investigation.

⁵⁹ Eyre and Suchman, "Status, Norms and the Proliferation of Conventional Weapons" cite an earlier study saying "Examining the structure of European navies, Kellcher, Mullins and Eichenberg (1980) found that the number of sea control vessels remained remarkably stable across all European states in the 1960-1970 period. "The effects of constrained resources seem minimal....Destroyers, frigates, corvettes, and (for a few states) carriers all seem to constitute an element of national prestige..."



C. SECURITY

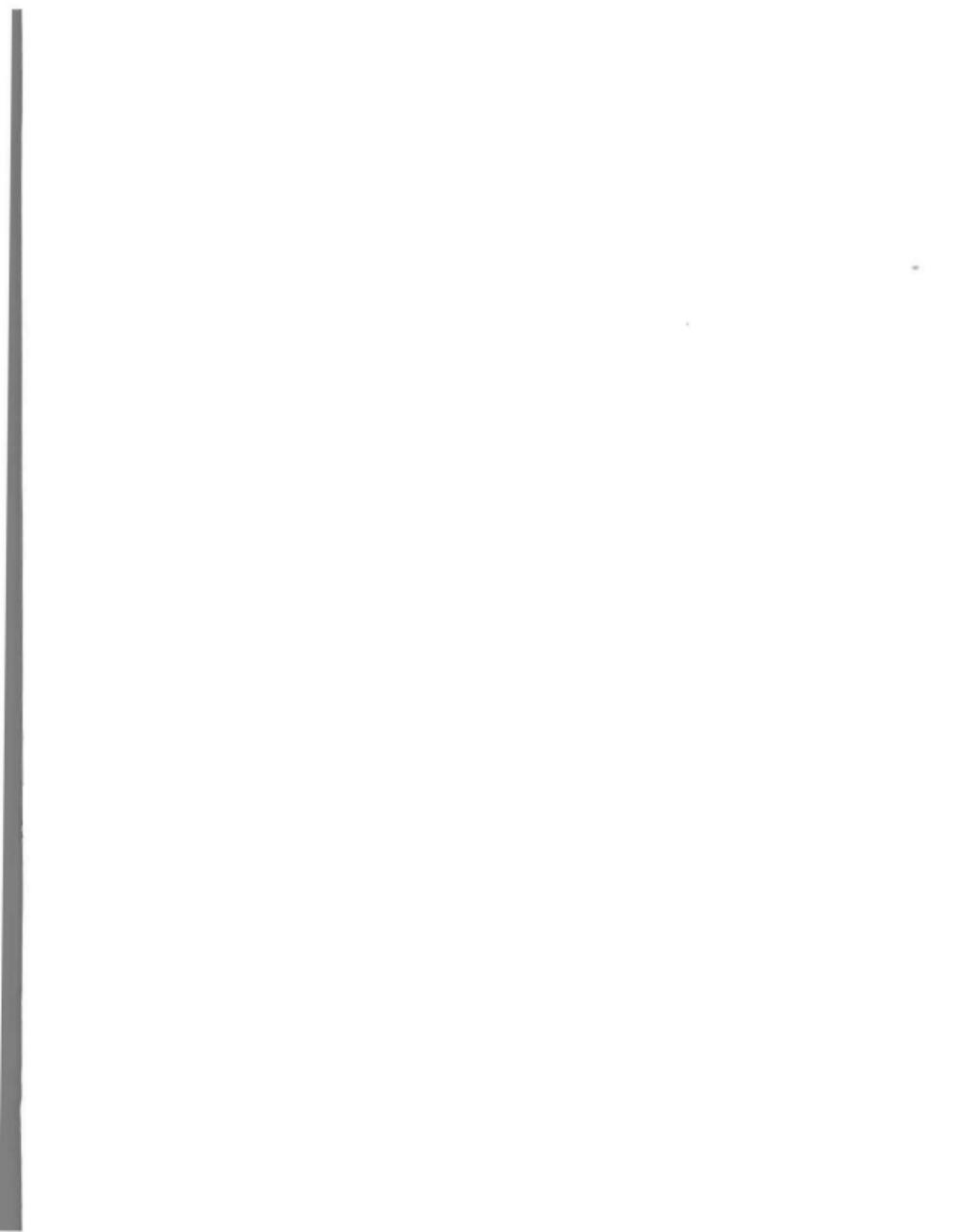
Indonesia sits astride some of the world's busiest sea lanes, and as an archipelagic nation, faces no land threat. The effect Indonesia's unique security environment has been a de-emphasis of the role of the army and emphasis of the roles of the navy and the air force. The army, as in many developing countries, still plays an important role in the governing process, it is decreasing. The rest of this section will examine the current security situation and how it is impacting naval arms acquisition.

Applying the threat hypothesis (perceived threat determines force structure), to Indonesia yields some interesting conclusions. Threat is broken down into five categories and is then examined. The five categories are: 1) extra-regional, primarily China and India; 2) intra-regional; 3) domestic; 4) resource acquisition; and, 5) trade. Breaking down threat in this fashion covers the strategic environment in which Indonesia and the other ASEAN states exist in, but also reflects the concept of resilience which underpins strategy throughout the region.

Indonesia pioneered the concept of resilience with its defense department statement in 1974.⁶⁰ "National resilience is essentially a concept to strive for the realization of welfare, prosperity, and the defence and security of a nation."⁶¹ This is a useful framework for understanding how Indonesians may perceive threat. The resilience

⁶⁰ Indonesian Department of Defense and Security, Institute for National Defense, "National Resilience," November 1974 defines National Resilience as "the dynamic condition of a nation, including tenacity and sturdiness, which enables her to develop national strength to cope with all challenges, threats, obstructions and disturbances coming from outside as well as from within the country, directly or indirectly endangering the national existence and the struggle for national goals."

⁶¹ Ibid. 9.



concept is a subset of the national philosophy of *Astagatra*.⁶² Resilience and *Astagatra* together create an atmosphere where all is in balance. In other words, one aspect can not grow at the expense of the others, this would be detrimental to the overall growth and welfare of the state.⁶³

This concept has permeated the region evolving into regional resilience. Regional resilience acts at the regional level promoting an identical philosophy. The result has been a careful consideration of the same matters at a regional level. General relationships between ASEAN members should not be distorted due to conflicts on some specific.

1. Extra-regional Threat

Indonesia has little cause to fear direct invasion of any part of the archipelago. Extra-regional threat is manifested in concerns over Indonesia's ability to control her EEZ and to insure uninterrupted flow of shipping through the various international straits which pass through Indonesian waters. It is from this perspective that China, India and Japan will be considered.

a. China

China has emerged as the greatest external threat, but for Indonesia, the Chinese threat is slightly different than for its neighbors. The South China Sea issues, while important to Indonesia, do not carry the same degree of significance as they do for

⁶² Ibid, 8-10. *Astagatra* is the eight aspects: Religion/Belief, Ideology, Politics, Economics, Social Affairs, Art, Defence and Security, and Science and Technology. Basically all eight factors are integrative in nature reinforcing each other.

⁶³ Ibid, 9.

others.⁶⁴ Indonesian claims do not come into conflict with the Chinese in these areas. As a consequence, China does not directly threaten Indonesia via the Spratlys and Paracels.

Chinese aggression into the South China Sea however does weigh heavily on the minds of Indonesian planners.⁶⁵ The import of Chinese assertiveness is read in Jakarta as being attempts to re-establish traditional Chinese hegemony in the region.⁶⁶ Despite many Chinese diplomatic assurances to the contrary, Chinese goals are to establish hegemony in the region. Naval programs have been organized to support this, among other goals.⁶⁷ Competition for the title of regional leader is perhaps the most

⁶⁴ Philip Bowring and Adam Schwarz, "Live and Let Live," *Far Eastern Economic Review* 153, no. 28 (11 July 1991): 10.

⁶⁵ Amitav Acharya, *A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era*, Adelphi Paper no. 279 (London: IISS, August 1993), 35-36. Acharya states "Indonesia's former defence minister, Benny Mardani, predicted that 'any confrontation in the Spratlys would not be limited to a bilateral encounter'. The economic and strategic importance of the Spratlys is a major factor behind such concern. In the words of Ali Alatas, the 'strategic importance of the South China Sea is ...beyond question. As a semi-enclosed sea linking the Indian and Pacific Oceans and located between continental Asia and insular South-east Asia, it encompasses important sea lanes of communication and, indeed, the Straits of Malacca and Singapore at its southern entrance rank among the busiest straits in the world'. Economically, the Spratly Islands are believed to be rich in oil and other minerals, such as manganese nodules, as well as in fishing grounds. Strategically, the Spratly Islands are located near major sea-lanes in eastern Asia which carry about 90% of Japan's oil. During the Second World War, the Spratlys were used by the Japanese Navy as a submarine base and staging area for its attacks on Malay and archipelagic South-east Asia; the Dutch East Indies and the Philippines. Control of the island group could provide a country with staging points for surveillance, se-lane interdiction and other naval operations that could disrupt traffic from Singapore to southern China and Taiwan."

⁶⁶ John Wilson Lewis and Xue Litai, *China's Strategic Seapower: The Politics of Force Modernization in the Nuclear Age* (Stanford: Stanford University Press, 1994), p. 224. See also Leo Yuez-Yun Lin, *China as a Nuclear Power in World Politics* (New York: Taplinger Publishing Co., 1972) and Mochtar Kususma-Armadja, "Some Thoughts on ASEAN Security Co-operation: An Indonesian Perspective," *Contemporary Southeast Asia* 12, no. 3 (December 1990): 168 for discussion of traditional Chinese world view.

Lewis and Litai write that Chinese naval strategy has moved from "coastal defense with continental bias" in 1950 through "sea-based coastal defense" in 1976 to current "integrated sea-based nuclear deterrence". The nuclear aspect is somewhat important to Indonesian security, but it is the associated conventional naval build-up with expanded conventional reach that is most worrisome to Indonesian planners.

⁶⁷ Yossef Bodansky, "The People's Republic of China Once Again Seeks Military Options," *Defense and Foreign Affairs* (April 1992): 8.

"In the late-1980s, the PRC Navy began crossing the "line" ("the First Line of Islands" stretching from the Aleutian Islands, to Chishima, to Japan's main islands, to Okinawa, to Taiwan, the Philippines, and the Sunda Islands) with greater force. With the evacuation of both Cam Ranh Bay and the Subic Bay (by the Soviets and the US respectively), Beijing anticipated a strategic vacuum in the region and committed itself to filling it."

⁶⁸ Beijing considers its long-time dispute with the ROC, Vietnam, Malaysia, and the Philippines over the Spratly Islands as a test in which its hegemonic posture will be consolidated and recognized by the entire region.⁶⁹

significant issue for Indonesia.⁶⁸ Underlying this is the deeply ingrained mistrust of Chinese felt by the majority of the Indonesian population (the non-Chinese segment) which, until recently, was periodically fanned by the Indonesian government.⁶⁹ Indonesia recognizes the size of China, but does not cower in its presence.

Finally, Chinese involvement in both Myanmar and Thailand has fueled concern over Chinese intentions. Jakarta perceives arms sales and military assistance from China to Thailand as opening a "strategic window" to Southeast Asia which should not have been opened.⁷⁰ China, thus, concerns Indonesian officials on a variety of fronts.

b. India

On the western side, concern has grown over India's naval expansion, exemplified by the establishment of a base at Port Blair in the Andaman Islands. This facility is approximately one hundred miles from Indonesian territory and sits astride northern approaches to the Straits of Malacca.⁷¹ Indian expansion at Port Blair directly threatens Indonesian security interests since Indonesia has declared itself an archipelagic nation, and declared its maritime straits as part of its national security (trying to counterbalance Chinese moves into Thailand and Myanmar). While India may have clear

⁶⁸ See also Lee Lai To, "ASEAN-PRC Political and Security Cooperation: Problems, Proposals, and Prospects" *Asian Survey* 33, no. 11 (November 1993).

⁶⁹ Ann Kumar, "Islam, the Chinese, and Indonesian Historiography — A Review Article," *The Journal of Asian Studies* 46, no. 3 (August 1987): 603-616.

See also Justus M. van der Kroef, "Hesitant "Normalization": Indonesia's Slow Boat to China," *Asian Affairs* 16, no. 1 (Spring 1989): 24.

⁷⁰ Donald E. Weatherbee, "Indonesia: A Waking Giant," in Rodney W. Jones and Steven A. Hildreth, eds., *Emerging Powers: Defense and Security in the Third World* (New York: Praeger, 1986), 142-46.

⁷¹ Supartha, "Indonesia's Navy Balancing Strategy and Introspection", 193.

strategic reasoning for installing this facility, lack of interaction with its ASEAN neighbors has raised much concern about Indian intentions.⁷²

Indonesia has recently engaged in bilateral and multilateral exercises with the Indian navy in attempts to defuse any misperception. Also, by building closer links with India, Indonesia improves its regional position *vis a vis* China. While these activities demonstrate a certain degree of good will between the two nations, Indonesia continues to be wary of Indian intentions.

c. Japan

Excluding the United States, the Japanese navy is the only navy capable of establishing a presence in the region. Its complement of submarines, 'Aegis' destroyers, and traditional maritime orientation provide Japan with the wherewithal to become a military force in Southeast Asia. ASEAN members view Japanese restraints as simply political (Japan's constitution and security arrangement with the United States) and are subject to revision at any time. According to Foreign Minister Ali Alatas, "The greatest threat to regional balance would be if, for example, Japan said it was abrogating the US-Japan Treaty and changing its peace constitution so as to become a power unto itself."⁷³ Indonesia is primarily concerned with the possibility of an upset of the regional balance

⁷² Gregory Copley, "Inevitable India, Inevitable Power," *Defense and Foreign Affairs* (December 1988): 6.

See also J. Soedjati Djiwandono, "Multilateral Activities in South East Asia: An Indonesian Perspective," (Paper presented at 1995 Pacific Symposium, Honolulu, Hawaii, 22-23 February 1995), 21-22.

⁷³ As quoted from FEER in Acharya

due to Japanese military activity. There are some minimal concerns about a rejuvenated Japanese military marching down the road of conquest again.⁷⁴

Japan has not always been very reassuring either. "Prime Minister Fukuda noted at a September 1981 Japan-ASEAN meeting that Japan had the capability to become a military superpower next to the U.S. and U.S.S.R."⁷⁵ Indonesia has no desire to see Japan emerge as the preeminent power in the region. Japan's military forces are built around a technological base which is superior to that of Indonesia (or China for that matter). In other words, forces that would be adequate to deter Chinese aggression into Southeast Asia may not be adequate to deter possible Japanese aggression. Current arrangements, while not entirely satisfactory offer the comfort of resembling the status quo and offering some predictability for the future. A repositioning of Japan in the regional balance could open the region to more than economic competition.

Overall, China is the biggest threat followed by India and Japan. There is little doubt what little support Indonesia gives for a continued American regional presence is primarily grounded on a perceived need to deter China.

⁷⁴ Franklin B. Weinstein, "Japan and Southeast Asia," Robert A. Scalapino and Jusuf Wanandi, eds. Economic, Political, and Security Issues in Southeast Asia in the 1980s (Berkeley: Institute of East Asian Studies, 1982), p. 188.

Weinstein writes "According to one Indonesian expert, an increase in Japan's regional security role would have three undesirable consequences: (1) it would change the power balance in Northeast Asia and trigger defense build-ups in China, Korea, and the U.S.S.R.; (2) it would increase political tensions with the Soviet Union; and (3) it would have a destabilizing effect in Southeast Asia and would arouse ASEAN suspicions concerning Japanese motivations. A particularly troubling question for the Indonesians concerned the matter in which Japan might define its defense perimeter in the future — whether because of its dependence on access to raw materials and oil, that perimeter might be extended to include protecting sea lanes and straits at some distance from the Japanese home islands. There has also been a suspicion on the part of some in the ASEAN countries that a build-up of Japanese forces might some day be used as pretext to justify the withdrawal of U.S. forces from the region or a division of responsibility in which Japan assumes the burden of defending Southeast Asia."⁷⁵

⁷⁵ Ibid.

2. Intra-Regional Threat

Indonesia is the most populous country and has the best equipped military in the region, and as such is not threatened by any one of its neighbors. However, the Five Power Defense Arrangement (FPDA) worries Indonesia. Originally constructed as a deterrent against further Indonesian aggression (additional Konfrontasi) in the Southeast Asian region in 1971, its members are Singapore, Malaysia, Australia, Britain and New Zealand.⁷⁶ Malaysia's initial concerns were to keep Great Britain involved in the region as a hedge against a resurgence of Indonesian nationalist policies.

Recently, activity on the part of the FPDA has been on the increase, with larger, more comprehensive exercises being held each year. Coupled with the possible addition of another ASEAN member, Brunei, has Indonesia worried about an alliance that is growing both in size and performance — an alliance that is directed at Indonesia.⁷⁷ Indonesia has made numerous statements advocating the building of a purely internal alliance, a three power pact consisting of Indonesia, Singapore and Malaysia.⁷⁸ Specifically, Indonesia would like to restructure defense arrangements in ASEAN around three country core consisting of Singapore, Malaysia, and Indonesia. This three country grouping would supplant the FPDA, ultimately ensuring that Indonesia maintains its preeminent position in the region. Such a move would effectively include Brunei

⁷⁶President Sukarno tried to prevent Indonesia from establishing states on Borneo, specifically the states of Sabah and Sarawak. A military campaign launched against Malaysia was unsuccessful. Konfrontasi refers to the general Indonesian policy of applying pressure on Malaysia in whatever manner possible and was in place from the mid-1950s to the mid-1960s.

⁷⁷ Sanjiv Prakash, "ASEAN Acquires New Teeth, New Words," *Defense and Foreign Affairs' Strategic Policy* (November, 1990): 13.

⁷⁸ Mochtar, "Some Thoughts on ASEAN Security Co-operation," 161-171, no. 3. Professor Mochtar is a former Indonesian Foreign Minister.

because of its close relations with Singapore and essentially isolate Thailand. Movement in this direction would accomplish two goals: a three-power pact would minimize a perceived threat as well as solidifying Indonesia's preeminent position in the region.

3. Domestic Threat

Despite a lack of organized internal threat, the Indonesian military (ABRI), including the navy, is introspectively oriented. This is most obviously portrayed in the policy of *Dwi Fungsi* or "Dual Roles of the Armed Forces". A manifestation of *Astagatra*, this policy requires the military to play a social as well as military role. In this context the navy executes the *Operasi Bakti*, or Operation Devotion policy where the navy provides social support services to inhabitants of remote places.⁷⁹ It is unlikely that this internal social function of the navy will change any time in the foreseeable future.

Internally Indonesia has had few domestic problems other than East Timor since 1966 when the Communist Party was eliminated as a political force in Indonesia. The mass killings and witch-hunts proved to be excellent deterrence for any other would be communists. This ruthless approach, facilitated by a military coup in September 1965, coupled with excellent economic growth through the 1970s and 1980s has prevented any resurgence of the communist party.⁸⁰ This leaves the regime with basically two other domestic problems — East Timor and fundamentalist Muslims.

⁷⁹ Supartha, "Indonesia's Navy Balancing Strategy and Introspection" 193, no. 3.

⁸⁰ Schwarz, A Nation in Waiting, 19-48.

East Timor has proven to be an extreme embarrassment for and constant drain on the Indonesian government. However, the insurgency in East Timor has exhibited little propensity for spreading beyond the island of Timor. Muslim fundamentalists feel somewhat betrayed by President Suharto who had indicated an inclination to move Indonesia towards becoming an Islamic, vice secular, state. Having not moved in this direction, Suharto has effectively alienated the fundamentalists. Suharto has been able to prevent the fundamentalists from gaining political power by effectively marginalizing their appeal. He has manipulated the harmony concept and moved between competing political interests nimbly enough to keep the vast majority of the population relatively pleased, and thus away from any "revisionist" groups.⁸¹ Domestic unrest, while a concern, is not of critical importance (as it has been in the Philippines and Thailand, for example). There has been no significant pattern of peaks and valleys in domestic unrest requiring changes in defense allocation for domestic purposes.

4. Resource Acquisition Threat

The passage of and recent ratification of the United Nations Convention on the Law of the Sea (UNCLOS) redefines the maritime environment for coastal states. The creation of Exclusive Economic Zones (EEZ) out to 200 nm has greatly expanded the amount of territory a coastal navy is responsible for.⁸² Indonesia has extensive offshore oil facilities which it needs to protect, as well as whatever seabed resources may be found

⁸¹ Schwarz, *A Nation in Waiting*, 28-48.

⁸² David Miller, "Offshore Patrolling: New Responsibilities Demand Specialized Equipment," *International Defense Review* 28, no. 1 (January 1995): 40.

in its EEZ.⁸³ Fisheries are another obvious resource which needs to be protected. With the overlapping maritime claims in Southeast Asia, and the proximity of the states, fishery patrol is a vital issue for Indonesia.

Since the 1982 conference, Indonesia has ordered or taken delivery of twenty-five frigates and corvettes, ships large and capable enough to effectively patrol Indonesia's EEZ. Between 1970 and 1982, Indonesia had purchased a total of eight warships of the same class (and none larger). While EEZ patrol considerations are not the only concern for Indonesian naval planners, the timing of the purchases over the last twenty-five years and the quantities purchased seem to indicate that UNCLOS had a significant impact on acquisition decisions.

5. Trade Threat

As previously indicated in Chapter I, huge amounts of trade flow through the geo-strategic chokepoints which are Indonesian internal waters. The flow of trade through these straits provides additional business for Indonesia ranging from ship repair to provisioning. In recent years, a surge in piracy has threatened to impact the volume of trade moving through these sealanes.⁸⁴ By improving contacts with the Royal Singapore Navy (RSN), Indonesian naval officials hope to put a halt to the piracy problem.

⁸³ Mark J. Valencia, "Third World cooperation on Pacific marine mineral resources," *Third World Quarterly* 8, no. 2 (April 1986): 596-600.

⁸⁴ Dominic Nathan, "Direct links for Singapore, Indonesian navies," *The Straits Times*, 25 June 1992, p. 1.

"A report on the problem, just released by the United Kingdom-based International Maritime Bureau, had identified the waters stretching from the northern tip of Sumatra through the Malacca and Singapore Straits, Phillips Channel and beyond as the single-most dangerous stretch of water internationally. There were over 200 attacks there last year, compared to 60 in 1990 and three the year before."

Recent naval purchases seem to be partially motivated by extra-regional threat concerns. In addition, these purchases follow on the heels of significant acquisitions by other regional states. Whether this is perceived as an increased threat or a status challenge will be addressed in the next section. Purchases have also been affected by expanded maritime responsibilities. The size of most vessels purchased indicate this as being the primary factor.

D. PRESTIGE

The prestige hypothesis posits that acquisitions are made in response to acquisitions by neighbors for non-security reasons. Indonesia, not being threatened by any one of its neighbors, appears to be making some of its purchases based on prestige factors. The FPDA, despite being originally organized as protection against Indonesia, exhibits little appearance of being offensively oriented or capable in any way. As the senior regional power, Indonesia has a certain position to maintain, one where it retains capabilities superior to its neighbors.

Singapore's recent announcement of its submarine program drew an immediate response from Indonesia.⁸⁵ Indonesia has recently announced its intentions to purchase at least two additional Type 209 submarines, and possibly as many as four more. This follows a Singaporean announcement of intentions to purchase a submarine. The purchase of a single submarine by Singapore can not threaten Indonesia's entire

⁸⁵ FBIS-EAS-95-186, Raoul Le Blond, "Navy to buy Used Submarine From Sweden," The Sunday Times, 24 September 1995, p. 3.

submarine force. The timing of the announcement though, indicates a decision motivated by prestige.

Thailand also has apparently threatened Indonesia's preeminent regional position over the last decade or so. Thailand purchased two corvettes in 1983, representing a significant upgrade in Thai naval capabilities. Indonesia responded in 1984 and 1986 by purchasing a total of seven frigates, a dramatic improvement in Indonesia naval capability.⁸⁶ Perhaps more telling is the Thai order of a light aircraft carrier in 1992. Subsequently, Indonesia purchased a total of thirty-nine ships, including sixteen corvettes from Germany. While there are certainly other factors which complicate this analysis (including the buyers' market argument posited by several authors) the timing of the purchases merits attention as an indicator of prestige concerns playing a role.

I have not considered the timing of purchases of FACs here because they do not carry any "symbolic throw weight". Naval system acquisitions outlined above all possess some degree of "symbolic throw weight" and thus are elements of the prestige argument.

E. CONCLUSION

Naval acquisitions appear to be driven by security and prestige factors more so than economic reasons. The lack of correlation between economic growth and force size strongly indicates that other factors are affecting armament purchases being made. Naval forces, seemingly, are getting a larger portion of defense department outlays. A renewed emphasis on the maritime environment to Indonesia has spurred this growth.

⁸⁶ Acquisitions as reported in Bates Gill, J.N. Mak and Siemon Wezeman, ASEAN Arms Acquisitions: Developing Transparency (Kuala Lumpur: Malaysian Institute of Maritime Affairs, 1995)

Recognition of EEZs has been the primary motivation behind the purchase of most of the smaller surface ships. The scaling back of the superpowers' military has not only enabled regional actors, such as Indonesia, to take responsibility for their own security, it has forced them to.

The regional "pecking order" is also important to Indonesia. Having assumed the position of the regional heavy, it is imperative for Indonesia to equip forces to sustain that position. Indonesia has purchased additional naval assets to preclude the possibility of one of its lesser neighbors being able to claim superiority in any fashion in the waterways around ASEAN.

IV. SINGAPORE

A. INTRODUCTION

Singapore is a nation of only 227 square miles with a population of 2.5 million, separated from Malaysia by a very narrow strip of water.⁸⁷ Additionally Singapore is populated by ethnic Chinese, with Malays being in the minority (the reverse of the ethnic composition of both Indonesia and Malaysia — Singapore's two much larger neighbors). Singapore's geo-strategic vulnerability is well recognized and has driven the shaping of the Singapore Armed Forces (SAF). Modeled after the Israeli example, Singapore defense strategy emphasizes fast-reacting, quick-deploying, heavily armed forces.

Singapore foreign policy emphasizes multilateralism and economic activity as the basis of an overall security strategy. Acknowledging the limits of their military potential and their uniquely vulnerable geographic situation, the government has sought to engage extra-regional powers, especially the United States in order to create and maintain regional stability.

B. ECONOMICS

The growth of the Singaporean economy has been more dramatic than Indonesia's. The economy has increased over sevenfold in the past twenty-five years. Again, the economic hypothesis predicts growth in military expenditures when the national economy experiences growth. During the ten year period between 1983 and 1993 GNP

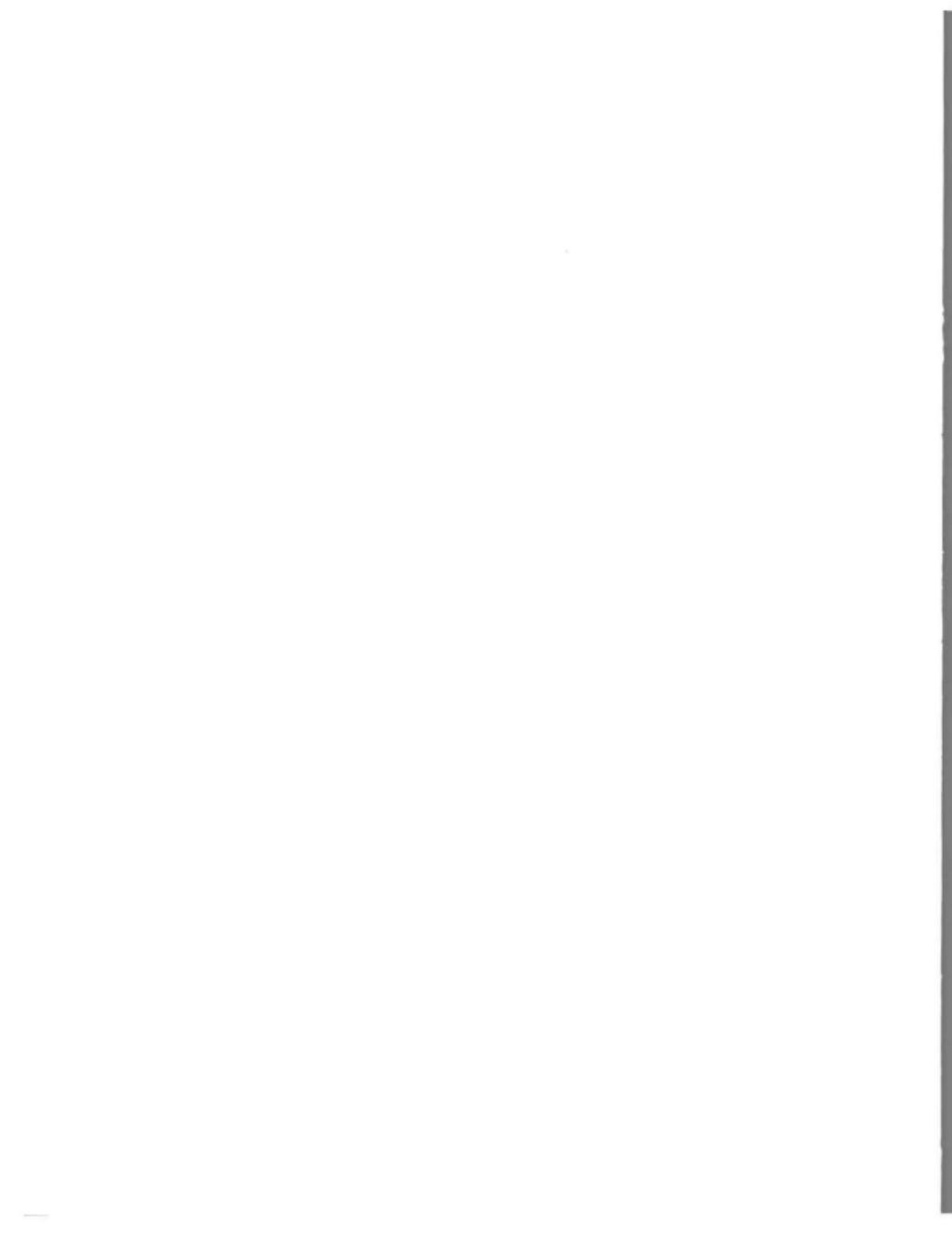
⁸⁷ Robert O. Tilman, *Southeast Asia and the Enemy Beyond*, (Boulder: Westview Press, 1987), p. 28.



Figure IV-1 *Military Expansion*. Note: Real GNP is Ten Times Figures indicated on Graph.

doubled, and military expenditures also doubled (Fig. IV-1). Unlike the previous Indonesian example, Singapore strongly follows the expectations of the economic hypothesis. Defense spending has increased in lock-step fashion with growth in the economy.

Has there been any shift in expenditures emphasizing naval acquisitions? Again, the data is sparse and unclear. Figure IV-2 indicates spotty growth for the Royal Singapore Navy (RSN). What Figure IV-2 does not reflect is that Singapore has modernized and upgraded the systems it owns, to a greater extent than any other ASEAN. Virtually all its major platforms, even down to the missile gun boats (MGBs — Lürssen 45s) have undergone extensive modifications. Singapore has added electronic warfare



and satellite communications capabilities to vessels which are normally viewed as being simple coastal defense craft. Nine of twelve major system upgrades over the past



Figure IV-2 Singapore Naval Acquisitions 1970-1993.

twenty-five years have been for elements of the RSN. This would indicate that despite limited purchases of new vessels, the navy has managed to significantly upgrade its capabilities.⁸⁸

Singapore has developed the most extensive indigenous capabilities to produce armaments. Recently this capability was exemplified in the production of three Swedish

⁸⁸ BG(NS) Lee Hsien Loong, Deputy Prime Minister at launching of RSS *Fearless*, 18 February 1995 stated:

"Mindef's [Ministry of Defence] policy is to upgrade and modernise existing assets wherever possible to extend their operational life. We buy new assets only when upgrading is no longer economically or operationally feasible, or to develop critical new operational capabilities."

Speech courtesy of the Singapore Government via the Internet (<http://www.gov.sg/government/speeches/hi.html>).

licensed mine counter-measure vessels (MCMs). Singapore is producing small naval combatants for export.

While there has not been a significant upswing in numbers of naval purchases as compared to overall defense purchases for the Singapore Armed Forces (SAF) there has been a decline in acquisitions for the other services over the past fifteen years. This trend, combined with the operational and administrative (basing) expansions of the RSN over the past few years seems to indicate a growing role for the RSN as compared to its sister services (Fig. IV-3). There is a limit to the RSN's growth. By virtue of possessing a very small geographic area as its home, the armed forces have, by necessity, developed a greater degree of jointness is present in any of the armed forces of the other ASEAN members. Air assets conducting maritime patrol, which in other nations are assigned to the navy, in Singapore are actually part of the Air Force and not part

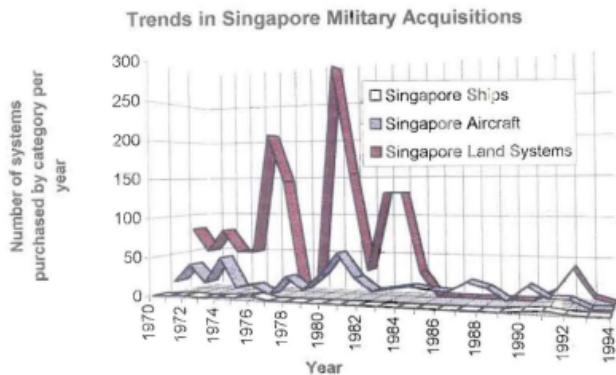


Figure IV-3 Trends in Singaporean Military Acquisitions 1970-1993.

of the RSN. The fact that Singapore has recently purchased four *Fokker 50 Enforcer 2* aircraft for the ASW/Maritime Patrol mission, (having only one previously) is an important shift in resources. In addition, these purchases equal the total number of Airborne Early Warning and Control (AEW&C — E-2Cs) Singapore possesses.

Overall, Singapore has not only increased its defense expenditures (they are pegged at six percent of GDP), but resources are also being shifted from other areas to the maritime environment.

C. SECURITY

Because Singapore is a small nation, (sometimes referred to as a city-state), it has security concerns which are vastly different than those of Thailand and Indonesia. The lack of land Singapore can afford to lose in any conflict has driven Singapore to follow Israeli defense examples. As a result, Singapore approaches defense much differently than its neighbors. Singapore is fearful of any one nation becoming too powerful in the region. For this reason, Singapore has aggressively pursued continued American engagement in the region.⁸⁹ While disagreeing with many U.S. policies, the official Singapore position is that continued U.S. presence forestalls Japanese military expansion and therefore precludes any subsequent reactionary activity by other east Asian countries such as either Korea and China.⁹⁰

⁸⁹ Robert Karniol, "The JDW Interview," *Jane's Defence Weekly* 16, no. 19 (November 9, 1991): 920.

The article quotes Commodore Teo Chee Hean, head of the RSN saying, "There is also much to be gained from involving interested and like-minded extra-regional powers who are committed to preserving stability and security in the region."

⁹⁰ Franklin B. Weinstein, "Japan and Southeast Asia," Robert A. Scalapino and Jusuf Wanandi, eds. *Economic, Political and Security Issues in Southeast Asia in the 1980s*, (Berkeley: Institute of East Asian Studies, 1982), p. 188.

1. Extra-regional threat

a. China

China does not directly threaten the geographic security interests of Singapore. However, Chinese aggression and the resulting turmoil in the South China Sea is a critical threat to trade in the region. It is at this level that Singapore is most worried about the People's Republic of China (PRC). There is some low level concern about Chinese aggression beyond the South China Sea, but this is not reflected in national security planning beyond attempts to keep the United States involved in the region.⁹¹

Singapore views Chinese issues through a triangular lens. The official position revolves around a belief that China will be the superpower of the future. This belief is founded simply on the population size, economic potential and nuclear capabilities of China. Restraint of the Chinese will be possible only if the United States and Japan (the other two elements of the Asia-Pacific security triangle) continue to cooperate. A breakdown of the Japanese and United States relationship would severely impact the concept of regional security in the region.⁹² Inevitably, the resultant

⁹¹ Singapore is involved in only one formal alliance, the Five Power Defence Arrangement. All other agreements are bilateral and relatively informal.

⁹² Mr. Lee Kuan Yew, Senior Minister in speech at National Day Dinner, 12 August 1995 stated:

"But China is different. It may be backward; it may be poor, but its potential is enormous. It is already a nuclear power. Whatever economic advance the Chinese in Taiwan, Hong Kong and Macao have achieved, the Chinese in China can and will achieve likewise. It is only a matter of time. Indeed even what the Japanese have done, mainland Chinese may be able to do in three or four generations, but eventually the Chinese must first re-order their societies and educate their 1,200m Chinese to each person's maximum potential as the Japanese have done with their 120m Japanese. But when they do, China may become the number one power on the Western side of the Pacific, unless America has a good partner in Japan to balance China. And that Japan will have to be treated as a partner not as faithful follower. Although this may not happen for many years, the expectation of this possible development has contributed to tensions."

Speech courtesy of the Singapore Government via the Internet (<http://www.gov.sg/government/speeches/smspeech.html>).

redefinition of security in the region would lead to a Japanese military build-up, in turn causing other regional actors to respond with their own defensive build-ups.

b. Japan

Singapore recognizes that Japan is a key player in Southeast Asian security issues. The World War Two experience still colors perceptions of Japanese motivations and intentions. Until Japan is forthright in recanting the influences that drove the militarism leading to World War Two, all of Southeast Asia will continue to be very nervous about any expansion of Japanese military operations. Along these same lines, an opening of Japanese society, making it more transparent and accessible will greatly enhance perceptions of peaceful intentions throughout East Asia.⁹³ In addition, a widely held belief in Singapore holds that the United States must remain an active player in Japanese security in order to keep a lid on regional fears of Japan. American security guarantees are viewed as being a positive constraint on possible Japanese militarism.

Japanese business interests, being spread throughout the region, are also perceived as restricting any future Japanese expansionist tendencies. In fact, it is these widespread business interests, and the Japanese need for the SLOCs staying open that fear of the Japanese in a military sense is minimized.⁹⁴ Nonetheless, Japan's march through Southeast Asia fifty years ago, and the perceived lack of remorse insures that Singapore will continue to cast a wary eye towards Japan.

⁹³ Mr. Lee Kuan Yew, Senior Minister in speech at "Create 21", Asahi Forum, Tokyo, 17 November 1994. Speech courtesy of the Singapore Government via the Internet (<http://www.gov.sg/government/speeches/b.html>), 1-2.

⁹⁴ *Ibid.* 4.

Natural resources however are a different question, separate from business interests. As was indicated in the previous chapter, the question of how Japan draws its security perimeter is of utmost interest. Raw materials are available and are being bought, not taken, by the Japanese. For reasons of economics, technology and race it is appropriate that Singapore be more fearful of Japan than China. China still has a long road to travel and needs Singapore as an economic engine to help it.⁹⁵ Japan, however, does not.

2. Intra-Regional Threat

Intra-regionally, Singapore, in a sense, is caught between the hammer (Indonesia) and the anvil (Malaysia). Singapore perceives itself as being in a relatively precarious position with respect to its two much larger neighbors. Despite occurring thirty years ago, the Indonesian policy of Konfrontasi with Malaysia taught or maybe reminded Singapore that despite extra-regional threats, intra-regional states can also pose very large threats.

Singapore and Malaysia are both quite adamant in continuing the FPDA (Five Power Defence Arrangement), and even increasing its scope of operational exercises. While threat in the FPDA is defined as any external nation attacking (or threatening) Singapore or Malaysia, the list of possible aggressors certainly includes Indonesia. Indeed, the formation of the alliance occurred just a few years after Indonesian aggression against Malaysia, and as Great Britain was drawing down its presence in the region. This timing indicates that considerations of an Indonesian threat played a very

⁹⁵ Ibid, 2.

large part in the formation of the alliance. The other major threat undoubtedly spurring the formation of the alliance, that of Vietnam, has disappeared, leaving extra-regional threats such as China to fill in as perceived potential aggressors. Singapore has not reacted favorably to Indonesian proposals scrubbing FPDA and instituting a trilateral arrangement instead (Indonesia, Singapore and Malaysia).

It is also interesting to note that Singapore did not recognize the People's Republic of China (PRC) until 1990. Why was this the case? Singapore felt it could not recognize the PRC until after its neighbor, Indonesia, did.⁹⁶ This clearly illustrates the regional power situation from the Singaporean perspective. Obviously the government of Singapore felt it was more important to not offend its neighbor than it was to offend the most populous nation in the world. It seems unlikely that Singapore was not under any pressure from the PRC to establish relations, yet they refused to. Clearly Indonesia is feared more than China by Singapore, whether or not this is officially admitted.

On the other hand, Malaysia is also perceived as posing a threat to Singapore. The SAF are in large part designed to be able to defeat any potential Malaysian attack. While Singapore maintains 45,000 people active in the army, the nation has a reserve pool of 250,000 to call upon in time of emergency. Since it is unlikely that any other nation has the ability to insert significant forces into Singapore other than the United States, that leaves only Malaysia as the cause for maintaining such a large reserve force.

Singapore and Malaysia have had their rough spots. One perennial point of contention is the dispute over an island (Pedra Branca) off the coast of Johor.

⁹⁶ Leo Suryadinata, "Indonesia-China Relations," *Asian Survey* 30, no. 7 (July 1990), p. 685.

Occasionally actions taken by the two nations cause high level military alerts, but none of these have blossomed into active hostilities yet.⁹⁷

Singapore continues to cultivate a variety of multilateral military contacts, refusing to place its security in the hands of one defense organization or to rely to heavily on one country.

3. Domestic Threat

Domestically, Singapore faces the fewest problems. Despite a multi-racial population (Chinese and Malays) the differing cultures co-exist very well (unlike Indonesia). Singapore also lacks a significant Muslim community as a viable political movement.

4. Resource Acquisition Threat

UNCLOS III has not had a dramatic impact on Singapore. Development of an EEZ is virtually irrelevant due to Singapore's geographic situation. Singapore is lucky to claim a full twelve nautical miles as territorial sea at any point in the waters surrounding Singapore. The close confines of the Singapore Straits preclude any possibility of claims beyond those of a territorial sea.

As a result, Singapore has no need to patrol significant fisheries, oil fields, etc. Singapore's main concern for EEZ/territorial sea responsibilities arise from the need to assure safety in the straits themselves.

⁹⁷ Amitav Acharya, A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era, Adelphi Paper no. 279 (London: IISS, August 1993), 30-31.

5. Trade Threat

"Unlike other countries in the region, Singapore does not have wide areas of territorial seas or exclusive economic zones to patrol or defend. We therefore do not need a large navy. But we still need to defend Singapore from seaward threats. This is a key mission of the RSN (Republic of Singapore Navy). At the same time, we depend critically on free and unimpeded access to sea lines of communications. Most of our trade with the rest of the world flows through these sea lines. So do vital supplies like food and fuel. The RSN has to safeguard these sea lines of communications, and be ready to keep them open during any crisis."⁹⁸

Singapore takes piracy quite seriously — a threat which eventually could cut into the Singaporean economy. The Phillips Channel is by far and away the most dangerous area in the world for maritime commerce. Continued degradation of maritime safety has the potential to cut commerce throughout the region — dramatically impacting Singapore's economy. "The SLOC's are particularly important to us because our trade, most of which is seaborne, is (valued at) three time our gross national product."⁹⁹

The threat posed by piracy has been strong enough to push Singapore into closer ties with Indonesia to combat piracy and smuggling.¹⁰⁰ Here again this reemphasizes the point about Singaporean fear of Indonesia. These ties being mentioned are of the most

⁹⁸ BG(NS) Lee Hsien Loong, 18 February 1995.

⁹⁹ Robert Karniol, "The JDW Interview," 920, n. 19.

¹⁰⁰ Dominic Nathan, "Direct Links for Singapore, Indonesian Navies" The Straits Times, 25 June 1992, p. 1. See also, "Joint Naval Exercise Between Singapore and Indonesia Begins," The Straits Times, 16 October 1994, p. 23.

rudimentary sort, the ability to communicate between naval vessels, etc. and not extensive combined operations between the two nations.

D. PRESTIGE

Singapore easily has the most technologically advanced military forces overall. For Singapore, prestige affects arms acquisitions in a slightly different manner than it does in Indonesia. Whereas Singapore is not the regional strongest military actor, it does arguably possess the most effective and efficient forces.

Singapore, more so than its neighbors, has established itself as a commerce and technology center. A nation which purports to be technological advanced must have military forces which convey this national self-image.¹⁰¹ Dr. Lau Teik Soon, vice-chairman of the Government Parliamentary Committee for Defence and Foreign Affairs stated: "The navy should be given more ships if it is required to defend our waterways and act as a deterrent. Apart from playing a role in Singapore's defense, the navy and the rest of the SAF have to keep up with technological changes in order to contribute to regional security."¹⁰² This remark by a government official indicates the role technology plays in the nation of Singapore. It must also be noted that part of the technological push in the SAF is due to a declining recruitment base. The SAF are trying to compensate for smaller numbers with more technology. While this fact must be taken into consideration, it does not negate the role that prestige plays in the acquisition of new technology for the

¹⁰¹ Dana Eyre and Mark Suchman, "Status, Norms and the Proliferation of Conventional Weapons: An Institutional Theory Approach," in Peter J. Katzenstein, ed., Culture and National Security (New York: Columbia University Press, in press), Chapter 3, p. 16-17.

¹⁰² Sanjay Perera, "Singapore may buy subs if needed, says Dr. Lau," The Straits Times, 11 December 1994, section Home, p. 30.

SAF. Installation of satellite communications on missile gun boats certainly seems to fit in the category of decisions that were made due to prestige factors.

E. CONCLUSION

Singapore's naval acquisitions are explained by all three hypotheses. The economic hypothesis has been borne out through increased military expenditures overall (consistent with GDP growth) and a shifting of resources to the maritime environment. It is apparent that Singapore is also adjusting to a new threat environment. Singapore has gone on record trying to maintain an American presence (especially naval) in the region. The purchase of the mine warfare craft and the beginnings of a submarine program also demonstrate a shift in threat perceptions followed by adjustments in force structure. Finally, Singapore has been purchasing weapon systems in keeping with its position as being the most technologically advanced in the region. Prestige reasons virtually require Singapore to maintain capabilities which are better than its neighbors.

V. THAILAND

A. INTRODUCTION

Thailand is included in the country case studies because it is the most land-oriented member of ASEAN, excluding Vietnam. Significant changes in the Thai defense structure, especially those indicating a greater emphasis on maritime issues, validates the argument that there has been a regional shift to maritime security. In addition, the engagement of a land power in a significant naval build-up adds greater weight to the contention that a naval arms race is occurring.

B. ECONOMICS

The Thai economy has experienced explosive growth over the last ten years, as have those of its ASEAN neighbors. Between 1983 and 1993 GNP more than doubled, increasing from \$53.9 billion to \$122 billion (Fig. V-1). Based on constant 1993 U.S. dollars, this is 127 percent growth. However, overall military expenditures during the same period increased only 71 percent based on constant 1993 U.S. dollars. While this is not as great a military expenditure expansion correlation observed as that observed Singapore, it is significantly more than Indonesia's increase in military spending.

Unlike the previous two case studies, there is enough information to create a snapshot of defense budget distributions with respect to Royal Thai Navy (RTN) funding.

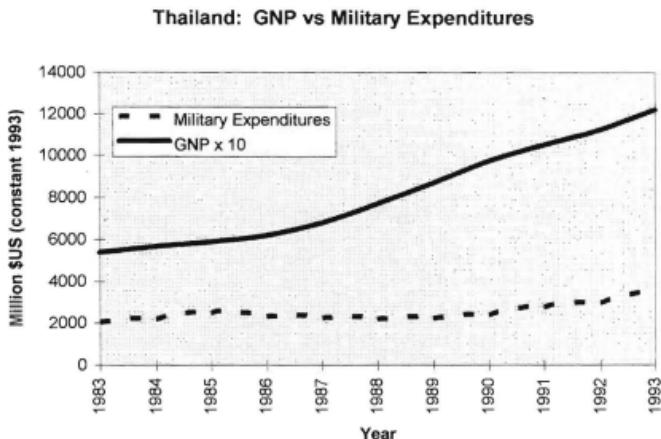


Figure V-5 Military Expansion 1983-1993. Note: Actual GNP is Ten Times the Figures Indicated.

These numbers (Table V-1), as compiled from the Far Eastern Economic Review and IISS Military Balance indicate that the RTN budget has grown at a rate exceeding overall defense spending growth. In fact, between 1986 and 1993 the RTN budget has more than doubled, while overall defense outlays have nearly doubled. Additionally, these numbers do not reflect the RTN's entire budget. For example, an extra 3.5 billion baht has been

set aside for the purchase of aircraft for Thailand's new carrier.¹⁰³ These numbers indicate a definite shift in priorities toward the maritime environment.

For the sake of comparison, the other approaches used in previous chapters (GDP/ship acquisition comparison and overall trends in military acquisitions) will again be employed in this case.

Year	Defense Budget (billion baht)	RTN Budget (billion baht)	RTN/DEF (%)
1986	41	8.0	19.5
1993	79.6	16.1	20.2

Table V-1 RTN Budget Compared to Overall Thai Defense Outlays.

Sources: FEER, 21 October 1993, p.30-31 and IISS Military Balance 1987-1988, 1993-1994

The ship acquisition versus GDP comparison indicates activity similar to that witnessed in the previous two cases (Fig. V-2). While there is not an absolute trend upwards in the numbers of platforms purchased, there does appear to be an upward trend in the post-1986 period as compared to previous years. Since it is the stated goal of the RTN to build to a two ocean navy, these increases are expected.¹⁰⁴ Supplementing the enhanced combat capability is the improved logistic support to go with it. The RTN has ordered a 22,000 ton replenishment tanker from China.¹⁰⁵ This purchase alone

¹⁰³ Rodney Tasker, "Silent Service: Navy reaps rewards of steering clear of politics," *Far Eastern Economic Review*, 21 October 1993, p. 30-31.

¹⁰⁴ Robert Karriol, "The RTN's two-ocean ambition," *Jane's Defence Weekly* 22, no. 22 (3 December 1994): 17.

¹⁰⁵ *Ibid.*

illuminates the direction the mission of the RTN is moving. A coastal defense navy has no need for a tanker of this size. Tankers of that tonnage only become useful when a group of ships are on a significant transit or engaged in a lengthy patrol.

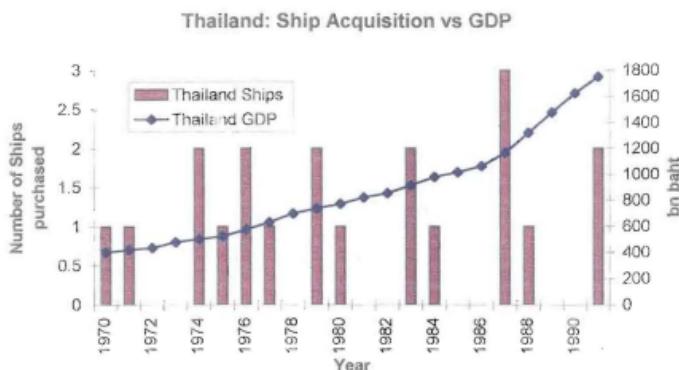


Figure V-6. Ship Acquisitions Per Year vs GDP

Overall trends in military acquisition indicate movement away from land concerns and possibly towards maritime threats. The land force build-up in the late 1980's was primarily due to the Vietnamese invasion of Kampuchea in 1978.¹⁰⁶ In order to prevent any further aggression by Vietnam and to combat other border problems, as with Laos, Thailand greatly enhanced its land forces. As the Kampuchean problem

¹⁰⁶ Surachai Sirikrai, "Thai Perceptions of China and Japan," *Contemporary Southeast Asia* 12, no. 3 (December 1990): 251. Sirikrai points out that "The subsequent numerous intrusions into Thai territory, particularly at Ban Non Marksman and Change Book, despite the Vietnamese leaders' frequent promises of the non-violation of Thai sovereignty reaffirmed Thai perceptions of the Vietnamese threat and the extent of Hanoi's insincerity. The danger to Thailand's eastern frontier was aggravated by sporadic fighting and a major war between Thailand and Laos at Ban ROM Khan over a border dispute in 1987-88."

started to settle down and sort itself out there has been a dramatic drop-off in acquisitions supporting land warfare (Fig. V-3).

The economic hypothesis does appear to have some weight in Thailand's case. Thailand's military expenditures have expanded significantly as the economy has grown. Despite a continued land threat, maritime expenditures have significantly increased.

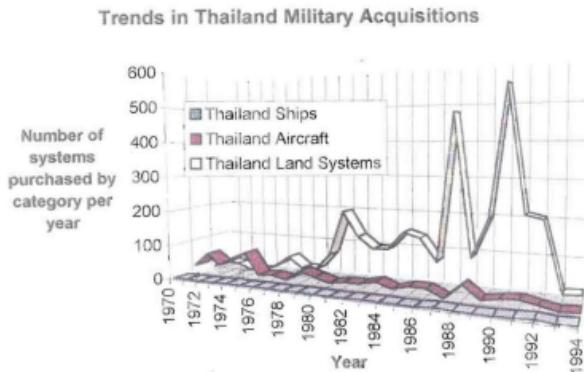


Figure V-7 Trends in Thai Military Acquisitions, 1970-1994.

In large part this is due to policy positions which have evolved from that of a front-line state in the war against communism to a state attempting to enhance its commercial position. Accordingly, the Thai government is trying to encourage development of the Indochina region as a new economic unit with Thailand operating as its hub.¹⁰⁷ In

¹⁰⁷ Sirikrai, "Thai Perceptions of China and Japan," 259, no. 3.

essence, Thailand may be trying to recreate ASEAN on the continent. This greater emphasis on commerce requires a concomitant emphasis on maritime matters in order to protect growth in trade.

C. SECURITY

As previously mentioned, Thailand's security concerns are significantly different from those of Singapore and Indonesia. Land threats continue to be the number one concern for the Thai military. Thailand's borders with four other nations, are significantly longer than any other in ASEAN, in fact at least an order of magnitude longer than any of the others with the exception of Vietnam. This fact combined with historical animosities and rivalries will insure that land concerns will remain preeminent for a long time. However, as the Defence of Thailand 1994 white paper makes clear, other threats are quickly gaining in importance. These threats include: sea boundaries, conflicting claims on territory (both land and sea), competition for maritime resources, pollution and the environment and infectious diseases.¹⁰⁸

The perceived drawdown of the U.S. military presence in the region has seriously impacted Thai security considerations.¹⁰⁹ The security arrangements made by Thailand with the United States after World War II seemed to guarantee a large role for the United States in Thai defense. The espousal of the Nixon doctrine, the U.S. pullout from Vietnam and the reduction of American military aid in the 1970s and early 1980s all clearly illustrated to Thai policy makers that the US could no longer be counted on for

¹⁰⁸ Ministry of Defence, The Defence of Thailand 1994, (Bangkok: Rung Silp Printing Co., Ltd., 1994), 16.

¹⁰⁹ Tasker, "Silent Service," 31.

security assistance at a level that Thais desired.¹¹⁰ The more recent drawdown and drawback of U.S. military forces has left a perception of a power vacuum in Thailand.¹¹¹

1. Extra-regional threat

Between Thai perception of the threat environment and the strength of Thailand's land forces, the Royal Thai Armed Forces (RTAF), Thais do not fear much in the way of extra-regional aggression. In addition, Thailand has demonstrated a skillful ability to play a balancing game, historically keeping potential aggressors at bay.¹¹²

a. China

Unlike most of its ASEAN neighbors, Thailand has a reasonably close working relationship with the Chinese.¹¹³ Thailand moved to warm relations with the PRC after the United States pulled out of Vietnam and demonstrated its unreliability as an ally in Indochina.¹¹⁴ Cultivating this relationship has yielded some military benefits,

¹¹⁰ Kerdpohl, "Thailand and the Security of Southeast Asia," *Global Affairs* 5, no. 3 (Summer-Fall 1990): 119.

¹¹¹ FBIS-EAS-95-190, "New Security Policy Should Include U.S.," *Bangkok Post*, 2 October 1995, p. 4.

¹¹² David Van Praagh, "Democracy and Asian Security," *Global Affairs* 8, no. 1 (Winter 1993): 81-82.

¹¹³ Robert O. Tilman, *Southeast Asia and the Enemy Beyond: ASEAN Perceptions of External Threats*, (Boulder: Westview Press, 1987), 149. Tilman states "Some of the most important leaders in every ASEAN state harbor long-range fears of a powerful China. But Thailand, at one end of the spectrum, is willing to accept China as an ally so long as present conditions demand it; Indonesia, at the other extreme, views the PRC as a short-range as well as a long-range threat to the security of the region. For Thailand the PRC is a tiger in the jungle; for Indonesia the PRC tiger is lurking menacingly at the doorstep. Between these two extremes lie the remaining three ASEAN partners. Malaysia is closest to Indonesia; Singapore, to Thailand, and the Philippines, at the middle of the spectrum."

¹¹⁴ Sirikrai, "Thai Perceptions of China and Japan," 252, no. 3. "The Thai armed forces lacked both the quantity and quality of weapons to fight a conventional war. They had been equipped and trained mainly to engage in guerrilla warfare against the CPT [Communist Party of Thailand] and in the business of border surveillance. Faced with such formidable challenges, including budget constraints, the high cost of modern Western armaments, an American military aid cut and, especially, the unreliability of the American security commitment to Thailand, the Thai Government had therefore to turn to China.

including the purchase of significant amounts of military hardware at "friendship prices".¹¹⁵

China has recently been quite enthusiastic in developing closer ties with Thailand, both politically and militarily.¹¹⁶ In part, this is due to a current lack of conflict between the two in the South China Sea. Thailand is one of two nations in ASEAN which does not have conflicting claims with China over the Spratlys or Paracels. This does not mean that Thailand is not concerned about Chinese regional intentions. Thailand does rely on the South China Sea for fish and does have EEZ claims in the region which may be the basis for any future Sino-Thai conflicts.¹¹⁷ Past aggressive Chinese actions in the region worry Thai defense planners because of the effects that a conflict in the region might have. There is a realization that any military action could quickly grow out of control and involve extra-regional powers such as the United States and Japan.¹¹⁸ China's naval expansion is also acknowledged, but apparently is not dwelled upon.¹¹⁹ Thai decision makers recall China's history as a hegemonic power and do not discount it; but simply do not let it drive their decision-making.¹²⁰

¹¹⁵ Sirikrai, "Thai Perceptions of China and Japan," 255, no. 3. "The acquisition of Chinese heavy armaments started only in 1986 when China donated thirty-six 130 mm guns to Thailand. In January 1987, General Chaovat decided to buy a wide range of Chinese arms at "friendship prices", that is, at only 10 per cent of the market price." A later order included the 4 Jianghu class frigates currently in the RTN and a third order included diesel submarines (never delivered).

¹¹⁶ Sirikrai, "Thai Perceptions of China and Japan," 254, no. 3.

¹¹⁷ Kerdpohl, "Thailand and the Security of Southeast Asia," 126, no. 3.

¹¹⁸ *Ibid.*, 127.

¹¹⁹ Ministry of Defence, *The Defence of Thailand 1994*, 10. The white paper states "China has emphasized blue water capabilities, and by utilizing joint operations, it has improved its ability to project military power rapidly" but does not expand any further.

¹²⁰ FBIS-EAS-95-190, "New Security Policy Should Include U.S.," p. 4.

b. India

India's movement into the Andaman islands has caused some concern for Thailand as it does for Indonesia. The white paper statement on India declares that "The Indian navy is powerful and is the only one in the region that can compare to the Chinese Navy. With two aircraft carriers and bases on the Andaman and Nicobar Islands, India is a very potent maritime power in the region."¹²¹ However, Port Blair is physically closer to Indonesia than it is to Thailand and poses a greater threat to Indonesian commerce than it does to Thai commerce.

The potential for conflict with India remains. Official statements indicate that a second helicopter carrier is being considered. This ship would be purchased for the express purpose of conducting patrols in the Andaman Sea which would increase the potential for clashes between India and Thailand.¹²² RTN forces currently are based in the Gulf of Thailand with only a small contingent being assigned to the Third Fleet along Thailand's west coast.¹²³ As the RTN grows and becomes more active in the Andaman Sea, the potential for conflict with India will grow.

c. Japan

Thai perceptions of a possible Japanese threat differ significantly from its neighbors. The variance is probably due to the vastly World War II experience. Thailand was not occupied by conquering Japanese forces.¹²⁴ In fact, Thailand has

¹²¹ Ministry of Defence, The Defence of Thailand 1994, 10-11.

¹²² Tasker, "Silent Service," 30.

¹²³ Karniol, "The RTN's two-ocean ambition," 17, no. 22.

¹²⁴ Sirikrai, "Thai Perceptions of China and Japan," 260, no. 3.

escaped any of the colonizing experiences that the other nations in Southeast Asia have endured. Unlike most ASEAN leaders, Thai leaders see some benefits in a Japanese military build-up, that such a build-up would actually enhance peace and stability in the region.¹²⁵

The greatest concern with Japan resides in the economic realm and not specifically in the security domain. The overwhelming power of the Japanese economy has had both positive and negative effects on the Thai economy. The development of the Thai economy to its present level now requires changes in economic relations with Japan in order to progress further. Slow movement in this area has caused some resentment and ill-will, but does not appear to be spilling over into security considerations.¹²⁶

2. Intra-Regional Threat

Intra-regionally Thailand has little to fear. Its main focus and enemy over the past twenty-five years, Vietnam, has stepped back from its earlier aggressive policies. The decline of the overt Vietnamese threat as well as the removal of Soviet influence has had a calming influence on the region. The situation in Kampuchea, while far from being stable, is at least quiet, and is exhibiting signs of developing some long-term stability.

See also Tilman, *Southeast Asia and the Enemy Beyond*, 110-11.

¹²⁵ Sirikrai, "Thai Perceptions of China and Japan," 260, no. 3.

Later Sirikrai writes "It is also noteworthy that leading Thai elites in various quarters also support the idea of increasing Japan's political and security role in Southeast Asia in place of America's decreasing role because of its economic status. As Japan no longer abides by its previous 1 per cent GNP defence-spending principle and continues to increase its defence budget, it is likely to become a military power in the near future, perhaps by the year 2020, if not sooner. However, Thailand and ASEAN will feel safe if Japan's defence posture continues to be under the context of Japan-U.S. security arrangements."

¹²⁶ Ibid., 261.

The various border conflicts and contested territory claims which Thailand is a party to have also acquired an element of tranquillity. Some of these disputes are being handled and solved diplomatically, as in one case with Malaysia, while others have simply experienced cessations in armed conflict.¹²⁷

Militarily no other ASEAN nation rivals Thailand in armament with the possible exception of Indonesia. Based on numbers and types of weaponry, Indonesia's navy and air force are probably better than Thailand's, but Thailand's army is most likely better than Indonesia's. As a result, neither pose any real threat to each other at the present time. If inventory balances should shift around, though, this assessment would most likely change.

3. Domestic Threat

Once again Thailand is unique in ASEAN in the sense of having an essentially homogenous population. There is an area along the Malay-Thai border with a significant Malay population, but this is a local characteristic and has never caused widespread problems for the Thai government.¹²⁸

The Communist Party of Thailand (CPT) was a significant force in Thailand for many years. The CPT however disappeared as a political and guerrilla force when Vietnam invaded Kampuchea. The Vietnamese invasion spurred a rapprochement between Thailand and China. The development of closer ties China not only provided Thailand with a new arms supplier, but in addition Thailand was able to parlay Chinese

¹²⁷ "Bordering on boundary decisions," *Jane's Defence Weekly*, 9 September 1995: 44.

¹²⁸ Tilman, *Southeast Asia and the Enemy Beyond*, 157.

fears of Vietnamese aggression into halting Chinese support of the CPT. Chinese elimination of financial and logistic support for the CPT effectively ended the communist party in Thailand.¹²⁹ The demise of the CPT in the 1980s marked the disappearance of the last major internal threat to the Thai government. It was at this same time (the late 1980s) that the military began to reorient itself away from an internal security mission and began to focus on external threats.¹³⁰

4. Resource Acquisition Threat

Due to population pressures, fish harvests in the South China Sea are already important for Thailand, as well as all of ASEAN, and will soon become critical.¹³¹ Obviously any interference with Thailand's ability to draw basic foodstuffs from the ocean presents a very real and important threat. Additionally, oil and gas resource estimates that range in value from 1.1 to 11.0 trillion U.S. dollars are certainly large enough for nations to fight over.¹³²

¹²⁹ Sirikrai, "Thai Perceptions of China and Japan," 252, no. 3.

¹³⁰ Karniol, "The RTN's two-ocean ambition," 17, no. 22.

¹³¹ Kerdpohl, "Thailand and the Security of Southeast Asia," 126, no. 3. Further Kerdpohl states "Because of the shortage of vegetable protein and the lack of available livestock, fish forms an indispensable source of animal protein for the inhabitants of Southeast Asia. About 70 percent of the animal protein consumed in the region is derived from local fish harvests. To maintain necessary nutritional levels for their populations, the nations of the region make recourse to the fish protein available in the surrounding waters. The increasing tendency for nations in the area to lay claim to overlapping maritime territories and competitive "exclusive economics zones" creates serious tensions." "It is estimated that fish harvest will have to increase at annual rate of between 4.2 and 5 percent to maintain the minimal nutritional standards necessary for public health in Southeast Asia. That could very easily lead to conflict in the effort to protect fishing rights."

¹³² Mark J. Valencia, "Third World cooperation on Pacific marine mineral resources," *Third World Quarterly* 8, no. 2 (April 1986): 596-97. Later (p. 601-2) Valencia comments that Thailand is the country (of those around the South China Sea) best prepared to explore for natural resources. "Of these countries only Thailand might be considered to have adequate capabilities for the ocean research necessary to lay the foundation for offshore petroleum and mineral exploration...."

Thailand is engaged in at least two major EEZ definition conflicts. One with Malaysia over an area in the southwestern Gulf of Thailand, has been partially resolved by an agreement establishing a joint authority for the exploitation of seabed resources. On the other hand, Thailand still disputes ownership of a large portion of the eastern Gulf with Kampuchea and Vietnam. Both of these areas are shallow water regions (less than 200 meters) and thus are easily exploited.¹³³ Ownership (and the ability to prove it militarily) of these regions is clearly an important issue, one which Thailand is clearly helping itself with by purchasing the helicopter carrier.

5. Trade Threat

Thailand is not as dependent upon trade as is Singapore, but trade is still important to the Thai economy. Sixty percent of the Thai GDP is attributable to foreign trade, a far cry from the three to one ratio observed in Singapore.¹³⁴ That sixty percent provides the hard currency which Thailand has used to build infrastructure and to modernize its military.

There is a conscious effort being made to expand naval capabilities which is due, at least in part, to government attempts to increase trade. Specifically, enhancement of capabilities of RTN's third fleet is designed to backstop the development of a second trade and supply route, a route which passes through the Andaman Sea. This in turn is tied directly to the "Southern Seaboard" development project designed to build a commercial port at Krabi (on the west coast) and its associated industrial infrastructure.

¹³³ Ibid., 613.

¹³⁴ Kerdpohl, "Thailand and the Security of Southeast Asia," 123, no. 3

While this is not the only reason for expansion in the Andaman Sea, it provides excellent, (ostensibly) non-threatening justification.

D. PRESTIGE

The economic and threat considerations outlined do account for the majority of Thai naval expansion, but not all. Thailand has made some purchases based on prestige factors and not based on the aforementioned factors.¹³⁵ For instance, the argument that the helicopter carrier being built is primarily intended for search and rescue missions is weak.¹³⁶ It is especially lacking when considering the fact that the purchase of this carrier introduces a capability to the region which was heretofore nonexistent. Couple this with a pending deal for AV-8B Harriers and a reasonable strike capability emerges, again unprecedented in the region by its members.¹³⁷

The graph above (Fig. V-4) aptly illustrates the push for modernization in the RTN. Throughout the 1970s Thailand maintained a fleet which was predominantly second-hand, generally excess American vessels — many dating back to World War II. In the 1980s this trend changed as Thailand began to shed many of these vessels and purchase new vessels. The purchase of new vessels had two effects. First, simply by adding newer platforms Thailand was modernizing and ultimately increasing its combat effectiveness. This, however, could have been accomplished by purchasing younger cast-

¹³⁵ Stephen L. Ryan, "The Year in Review," *Asian Defence Journal* (January 1994): 11. Ryan writes, "In short, therefore, Thailand has garnered for itself a potentially formidable seaborne aircraft capability, one that elevates it to the big power league in terms of prestige and represents a serious challenge to other naval forces."

¹³⁶ Tasker, "Silent Service," 30.

¹³⁷ Ryan, "The Year in Review," 11.

offs from the United States. By purchasing new vessels though, Thailand was implicitly stating that used vessels were not good enough, that the RTN need sparkling new ships.

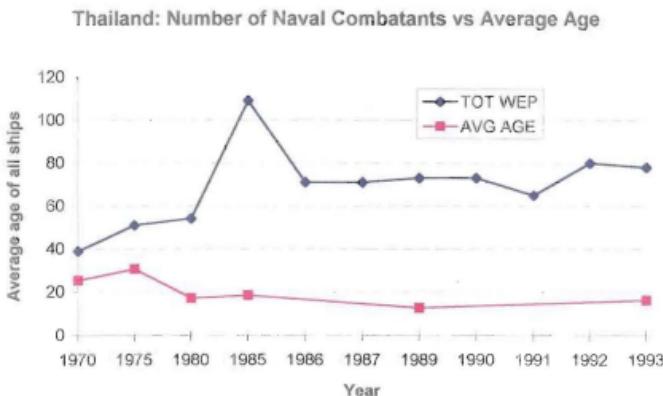


Figure V-8 Trends in Average Age of RTN Combatants

The decision to go with new vessels vice used (which were still being bought by some members of ASEAN) indicates a desire on the part of Thailand to be seen as a regional military power a “cut above the rest.”

There is some evidence in Thailand that not only national prestige but also service and personal prestige factors are at work. According to Amitav Acharya, “In Thailand, decision regarding weapon acquisitions frequently reflect a service chief’s desire to be remembered for having introduced a sophisticated weapon system.”¹³⁸

¹³⁸ Amitav Acharya, “Explaining the Arms Build-up in Southeast Asia,” *Asian Defence Journal* (January 1993): 68.

Finally, prestige motivations enter the calculus for Thai and Indonesian ambitions for being the regional leader. For Thailand this means it must proceed significantly past Indonesia in capability in order to usurp that position.¹³⁹

Overall, prestige plays a very real role in the arms acquisition process in Thailand. The country has been known to act independently, separate in policy from their ASEAN brethren.¹⁴⁰ Apparent Thai willingness to upset the status quo and actively pursue national interests in conflict with stated regional interests help create an environment inviting an arms race.

E. CONCLUSION

Improvement in the Thai economy has enabled the RTAF to modernize and increase the combat effectiveness of their forces. In addition, there has been a noticeable reorientation of military spending away from land concerns and towards the maritime environment. The economic hypothesis has been substantiated in this case.

A changing security environment has also led to new emphasis on naval issues. Decreased American presence in the region has caused Thai military planners to endeavor to fill a perceived power vacuum. Increased weight on the importance of trade and its positive economic impact has focused attention on the need to protect it. A realization of Thailand's maritime vulnerability in protecting its maritime assets, as defined by UNCLOS III has also contributed to naval growth. Finally, the minimization

¹³⁹ Ibid.

¹⁴⁰ For instance, their decision to unilaterally moderate their hard-line stance on Vietnam and the Kampuchean problem is a recent example of this type of activity.

of domestic security threats has freed the RTAF to focus on external threats, the first line of defense being in the waters surrounding Thailand.

Lastly, prestige has significantly influenced the acquisition process. Thailand has added naval capabilities previously unrealized in the region. By doing so the RTN has issued a challenge to other regional states, forcing them to take notice of Thailand's growing capabilities.

VI. CONCLUSION

A. OVERALL ASSESSMENT

A naval arms race is occurring among all of the members of ASEAN. The causes of this arms race are varied, but can be distilled to three general categories: increased economic resources, changed threat perceptions, and prestige concerns. These three factors combine differently in each of the three nations to provide the impetus for an arms race. The arms race is not necessarily dangerous though. This point will be further developed later in this chapter.

1. Economics

Indonesia, Thailand, and Singapore all have economies which have experienced explosive growth in the past two decades. This has created an environment in which increased defense expenditures were possible, without sacrificing other government programs. Singapore has most closely followed the expectations of the economic hypothesis in its growth in defense spending. Singapore's defense spending has increased in tandem with growth in the economy.

Indonesian defense authorizations have not increased at the same rate as the national economy. In fact, the defense budget has remained level over the past decade despite a near doubling of the gross national product.

Spending on the Thai military has increased with growing GNP. Even though the correlation in the Thai case is not as strong as in the Singapore case, there is a definite upward trend in defense spending. This increase is consistent with expectations from the economic hypothesis.

2. Perceived Threat

While changes in threat perception are much more difficult to capture than increases in defense spending, the threat hypothesis has been confirmed in the three case studies. In each case, as the definition of security has evolved, so did threat perceptions which has driven changes in force structure.

Archipelagic nations, by definition, are oriented towards the maritime environment. What has changed for Indonesia has been how the navy fulfills its role in the state's security. *Dwi Fungsi* requires the navy to play a supporting role in domestic programs, not unsurprising for an archipelagic nation. Despite this continued demand for naval services internal to the state, force structure is reflecting a greater external focus.

The rise of the Chinese, Japanese and Indian navies all pose potential problems for the Indonesian navy. Indonesia's neighbors have also increased their navies as the maritime environment takes on greater importance. Once the sole owner of submarines in ASEAN, Indonesia will be one of three in the next year, and quite possibly one of four in the next few years. A significant perceived advantage possessed in the past by the Indonesian navy in maritime conflict is on the verge of evaporating as submarines proliferate in the region. A combination of two factors has spurred the Indonesians to

reenter the submarine market. First is the very real threat that other navies can now pose to Indonesia by virtue of being submarine owners. The second, and perhaps more important factor, is the simultaneous loss of prestige for Indonesia inherent in the purchase of submarines by other members of ASEAN.

Singapore, rather than concentrating on purchasing a host of new naval platforms, has radically increased the capabilities of existing platforms and added new types of naval assets. The new acquisitions and upgrades for the Royal Singapore Navy (RSN) indicate a desire on the part of the RSN to control potential conflicts in the surrounding seas, and more importantly, to deter them from occurring. As Singapore has redefined its security from pure territorial integrity to include economic security (encompassing the SLOCs), the Singapore Armed Forces (SAF) has redefined threat. Threat to Singapore now covers instability in the region, including conflict in the South China Sea, and not just the traditional concern about aggression on the part of Indonesia and Malaysia.

Internal unrest and border conflicts are now less important to Thailand's security. Thailand, as with the others, has redefined its security on a partly economic basis. This new definition of security has changed the threat priority. No longer are the Vietnamese a force to be defended against, they are now a commercial enterprise to be engaged with. Stability and continued access to resources in the Gulf of Thailand and South China Sea are more important than the efforts of the Communist Party of Thailand. Promotion of trade and the opening of new routes to conduct trade along are attaining new prominence in Thai security strategy. The summation of these changes has resulted in a growing emphasis on (and expanded role for) the Royal Thai Navy.

3. Prestige

Indonesia has recently discerned an erosion of its position as regional leader. This erosion has been manifested in the leaps in capabilities of Indonesia's neighbors during a period of virtual stagnation for Indonesian naval forces. Until the early 1990s, the modernization and capability building in naval forces that had occurred had done so primarily on the margins. The purchase of thirty-nine vessels from Germany signaled the end of complacency on the part of the Indonesians. The enhancement of neighbor's naval capabilities has forced Indonesia to continue to expand its naval forces, such as buying additional submarines and adding to its naval air assets.

Singapore does not compete with its neighbors in terms of quantity, but does so in terms of quality. The SAF are measured in terms of how technologically advanced they are over their regional counterparts. The situation is similar to the American-Soviet situation during the Cold War. The Soviets were acknowledged as having greater numbers in equipment, but the Americans were generally recognized as having both better quality equipment and equipment of greater technological sophistication. For instance, while Singapore may not be able to support the acquisition of a helicopter carrier, it does have organic air assets which on a unit level analysis are more than a match for its regional competitors.

Having mentioned helicopter carriers, this is the most prestige-laden acquisition in ASEAN in the past decade. As mentioned, upon receipt of the carrier, Thailand will be introducing a capability to the region that had not existed previously.

4. Summary

It is difficult to argue that one hypothesis carries more weight than the other two in explaining the development of the arms race. All three are necessary, but none are sufficient. Clearly, all three nations have experienced phenomenal economic growth over the past two decades. However each government explicitly states that economic concerns are as important in national security as are pure military threats. The implication of these statements is that unlike some other developing countries, budget allocation will be done in accordance with a long term view. That long term view requires military expenses to be kept in check while the nation develops infrastructure, educates its people, etc.¹⁴¹ The military can and will not be allowed to expand out of control. This is all reflected in the twin concepts of national and regional resilience.

Perceived threat, plainly, has driven the acquisition process. As a power vacuum was believed to be developing, new weapons were purchased, and excess force structure was jettisoned to make room for new capabilities. A simultaneous paring and modernizing of forces took place. As both extra- and intra-regional threats have evolved and in some cases increased individual members have felt the need to acquire systems with longer range and greater sophistication. Redefining security in economic terms has also pushed the governments to purchase weapons that can protect and promote national interests. Due to the maritime character of the region, this particular manifestation has a peculiarly Mahanian appearance to it.

¹⁴¹ Mochtar Kusuma-Atmadja, "Some Thoughts on ASEAN Security Co-operation: An Indonesian Perspective," *Contemporary Southeast Asia*, 12 no. 3 (December 1990): 164.

Prestige and competition for regional influence is the third factor which has had an effect. Systems have been purchased as symbols of national technical prowess and modern abilities. Some systems have been purchased in fulfillment of self-image, believed to be both necessary and the right tool for the job, as well as being in keeping with the security needs of the nation.

Which of these factors is most important? Without the first, economic growth, the other two would not be able to have any effect. The economic engine has opened the door of progress and modernization in each of these countries. As this has occurred, both real and perceived threats have changed, and regional status has also changed. In this respect, the economic factor is most important.

Changes in perceived threat have naturally impacted the allocation of defense money. Movement towards an external orientation and away from domestic roles has caused the militaries to spend more money on "big-ticket" items — systems capable of engaging external foes. The interactive nature of arms acquisitions , especially in a conflict prone region such as Southeast Asia, is nearly cause in itself to initiate and sustain an arms race. However, in this case I believe a race could have been avoided if not for the prestige factor.

Prestige considerations alone can not begin the chain reaction of an arms race, it can only act as a catalyst on developing trends. Here, prestige considerations have influenced specific weapon acquisition choices, in essence creating a status competition.

Overall economic growth provides the gross input which the other two factors act upon, creating an arms race environment. Threat perceptions shape the economic input yielding an output which clearly indicates a need for modernization and guild-up. This output is further modified by prestige influences which color the perceived security needs. The final result is a naval arms race, albeit a comparatively low cost and slow moving competition.

B. Arms Race

ASEAN is experiencing a naval arms race. Purchases have been consistent with an initial acceleration followed by a steady state in acquisitions. Naval spending is not declining in absolute or relative numbers. In all three nations, naval expenditures are increasing in both relative and absolute terms.

The pattern of acquisitions as well as comments made by government officials in ASEAN reveal a desire to remain competitive militarily with their neighbors. This is driven both by real security concerns, and also by prestige. The prestige element is the factor which I find to be the final determinant of the characterization of acquisition programs in ASEAN. Without the prestige factor, the naval acquisitions can be attributed to real security needs and having a new-found ability to pay for self-defense. Injection of prestige however dilutes pure security calculus and causes nations to buy weapon systems based on what others have, not simply in response to a perceived security threat.

The cycle that can emerge from this forces the nations to start buying the latest and greatest systems they can afford in order to be able proclaim ownership, the phenomenon of keeping up with the Jones's.

Is the arms race dangerous? Not necessarily. To date the ASEAN members have not threatened each other with their modern inventories. All the nations appear to recognize the need to cooperate and to keep intra-regional strife to a minimum. This, however, could change rather quickly in the age of increased competition for dwindling maritime resources. Specifically, as their populations grow and fish harvests decline, keener competition will emerge in the maritime environment. It is in this scenario where it is easy to envisage Thailand deploying her helicopter carrier in such a fashion that would prevent harassment of her fishermen in contested waters. It is this same scenario that would force another nation, like Indonesia, to position a submarine in such a fashion that the Thai carrier is threatened. What would happen in the ensuing standoff is anybody's guess, but it aptly demonstrates the very real possibility of conflict between ASEAN members. In this context the arms race would be very destabilizing.

C. CBMs/CSBMs

Is ASEAN ultimately doomed to explode in a regional conflagration? That is unclear. Many authors point out that the ASEAN arrangement and its organizational spin-offs such as the ASEAN Regional Forum (ARF) and the Post-Ministerial Conference (PMC) provide the groundwork for establishing trust and resolving conflict. Others respond with the criticism that these approaches are informal and untested, that

most likely these will fail in the event of a crisis. These authors point to the fact that ASEAN has no region-wide security arrangement, and, that all previous attempts to create one have failed miserably. The first group respond with remarks outlining the facts that the previous attempts have all been in a Western format, in some way based on the unique NATO experience, and that what is needed is a new, Asian approach.

Most experts who do believe that some sort of effective Southeast Asian security regime is possible believe that a new, informal model may provide the answers. In some senses, Western culture is more confrontative and Asian culture more consensual. Because of this fundamental difference, multilateralism, as codified in the North Atlantic Treaty Organization (NATO), may not be possible.¹⁴² Bilateral approaches currently offer greater promise for regional officials. It is interesting to note that the less formal bilateral and multilateral arrangements do not sit well with most Western government, mostly for the cultural reasons.

What are the possibilities for confidence building measures (CBM) or confidence and security building measures (CSBM) in Southeast Asia?¹⁴³

Any serious attempts to create CSBMs must take into account a variety of complex issues. Frequent references are made to the European efforts as being a role model to follow. These comparisons are injudiciously made. The European security

¹⁴² Dr. Bilveer Singh, "Confidence Building, Security Measures and Security Regimes in Southeast Asia," *Asian Defence Journal* (March 1992): 7.

¹⁴³ Ralph A. Cossa, "Confidence and Security Building Measures: Are They Appropriate for Asia," (Paper presented at the Pacific Forum CSIS, Honolulu, Hawaii January 1995). Cossa defines CSBMs on page six as "including both formal and informal measures, whether unilateral, bilateral or multilateral, that address, prevent, or resolve uncertainties among states, including both military and political elements." I use this definition, and further, I lump CBM under CSBM for the purposes of this discussion.

situation in the aftermath of the second World War is radically different from the current arrangement in Southeast Asia. Presently the threat is ill-defined, complex competing interests are at work and there is no single beneficent hegemon playing an active role. A better comparison would be today's security situation of Europe and that of Southeast Asia. Herein lay useful parallels. It is also the point at which Westerners can no longer give advice based on solid, successful experience. The inability of NATO or the CSCE (Conference on Security Cooperation in Europe) to generate satisfactory answers to a whole host of problems indicates the lack of a security mechanism equipped to handle today's problems. The security environment in Southeast Asia is comparable to that which the European one seems to be heading towards.

The roadblocks to building an effective regime are numerous. First, any useful measure must include China, and therefore must not look like a potential alliance against China now, or ever.¹⁴⁴ This problem was recently reemphasized in the failed ASEAN-PRC South China Sea discussions. Attempts by ASEAN to bring the Spratly issue up as a group were not well-received by the PRC. The PRC, however, did indicate a willingness to discuss the matter on a bilateral basis only.

Secondly, the approach must somehow handle conflicting maritime claims and offer paths to resolution (nigh impossible) or some interim accommodation process (still, in some cases nearly impossible). These conflicting claims both intra- and extra-regionally offer the greatest source of potential conflict for not only ASEAN, but for all of East Asia.

¹⁴⁴ Cossa, "Confidence and Security Building Measures," p. 3.

Thirdly, the role the United States will play in the region must be addressed. It is unlikely that America will cede interests in the region to other actors without positive guarantees of regional stability. There is some indication that the United States might be willing to decrease its regional presence if Japan increases its own presence without upsetting the current stability throughout East Asia.

Next, security itself must be considered. Each ASEAN nation defines it differently despite a growing common emphasis on maritime matters. For instance Malaysia considers maritime issues to be of critical importance, Singapore focuses on forward defense, Thailand on a land threat and Indonesia on defence in depth.¹⁴⁵ Such varied strategic concepts of what constitutes a security concern and how to address it makes any association wide consensus on a variety of CSBMs very difficult.

Finally, intra-regional suspicion and competition pose considerable roadblocks. For instance, Singapore is unlikely to forgo purchasing weapon systems because of its extreme security vulnerability. This is not to say that Singapore is prone to developing or acquiring a weapon of mass destruction. A regional commitment to keeping nuclear weapons out has gathered a momentum of its own making it extremely difficult for any regional nation to violate the commitment's intent.¹⁴⁶

¹⁴⁵ Amitav Acharya, A New Regional Order in South-East Asia: ASEAN in the Post-Cold War Era, Adelphi Paper no. 279 (London: IISS, August 1993), 73.

¹⁴⁶ This has been codified in two ways. The Zone of Peace, Freedom and Neutrality (ZOPFAN) of 1974 was an attempt to keep members from siding too closely with either of the superpowers. In addition, it served as a vocal deterrent to intra-regional conflict.

The second codification is in the pending SouthEast Asia Nuclear Weapons-Free Zone (SEANWFZ). This is a Southeast Asian corollary to SPNFZ (South Pacific Nuclear Free Zone) and is intended to serve both as a CSBM in the region and as a control on extra-regional powers actions in the region.

On the positive side, a "spider-web" of bilateral and trilateral relationships has emerged.¹⁴⁷ Recently, military exchange programs on a bilateral level have begun to multiply (Table VI-1). Indonesia and Singapore have created the ability work with each other on piracy and air control issues.¹⁴⁸ In addition, Singapore has been using a bombing range on Sumatra (Indonesia) for training its pilots, a move necessitated by the closure of American bases in the Philippines such as Crow Valley.

Bilateral exercises have grown in numbers and complexity between members of ASEAN, especially Malaysia, Indonesia, and Singapore (Fig. VI-1). However, naval

Frequency of Bilateral Exercises Between Indonesia, Malaysia, and Singapore 1971-1990

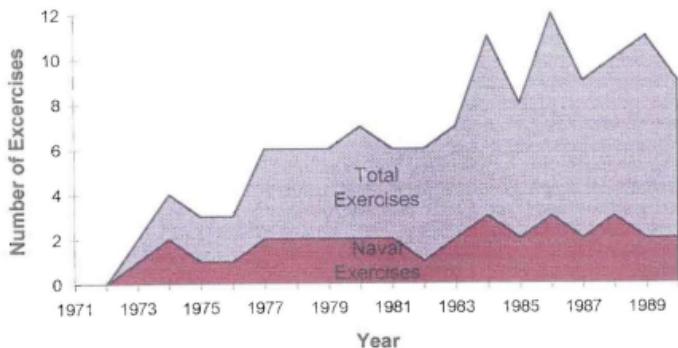


Figure VI-1 Bilateral Exercises

Source: Asian Defence Journal, March 1992, p. 10.

¹⁴⁷ Acharya, *A New Regional Order*, 69.

¹⁴⁸ FBIS-EAS-95-185, "A Higher Level of Ties," *The Straits Times*, 23 September 1995, p. 36.

exercises appear to have leveled off. While it is true that a nation can engage in only so many exercises, it is noteworthy that despite an obvious reorientation towards maritime threat, there has been no equivalent bilateral effort in naval exercises. In addition, growth in bilateral ties between two countries in some cases is offending a third.¹⁴⁹ This demonstrates the difficulties attempts at multilateral arrangements will experience. ASEAN officials have stated concerns about their ability to retain control of security negotiations for Southeast Asia with great powers involved.¹⁵⁰ Specifically, they have concerns emerging from ARF meetings where extra-regional powers were beginning to dominate the agenda.

Perhaps one of the simplest and most effective steps that could be taken in the region is a dissemination of defense budget allocations. While publishing defense department totals are only marginally useful, releasing a breakdown of the budget would create transparency in the region. Malaysia has proposed a regional arms register. Without a listing of budget appropriations however, the utility and perceived integrity of the register would be limited. Specific spending figures would enable other states to accurately gauge military activity in the region, ultimately decreasing the intra-regional levels of perceived threat.

Overall the prognosis for CSBM's is relatively good. Despite being in the middle of an arms race, the nations of Southeast Asia have taken it upon themselves to engage in discussion about regional security issues. This is a relatively rare phenomena and offers hope that the arms race will not end up in a armed conflict.

¹⁴⁹ Acharya, *A New Regional Order*, 71.

¹⁵⁰ Murray Hiebert, "Treading Softly," *Far Eastern Economic Review*, 3 August 1995, p. 20.

D. POLICY IMPLICATIONS FOR THE UNITED STATES

A continued naval arms race in ASEAN is not in the best interest of the United States. Despite the economic benefits reaped from selling weapon systems to states in the region, and the enhanced ability to defend themselves against external aggressors, the resulting instability would cause greater harm. The United States relies on global stability as a basis for conducting trade. A destabilized Southeast Asia would seriously impact trade flows not only to North America, but to the rest of the world.

Continued build-ups will ultimately pose greater risks to American military forces. It is conceivable that some nations in the region (Indonesia especially) could develop a military sufficiently strong that it could impact American plans. The United States will continue to have a strategic interest in the various straits that offer passage through the region. A regional force that could threaten to selectively close the straits, or to attack American forces transiting would be a huge problem.

The United States must continue to support multilateral CSBM efforts in the region. By staying engaged in the process, and by continuing to keep forces in the region, the United States sends a message of concern and interest—a message which must be clearly heard. Doubt persists among some ASEAN members as to the extent and strength of American commitment to and interest in the region. Every effort should be taken to remove these doubts. Failure to do so constitutes an error on the strategic scale.

APPENDIX

The following material contains the data used to construct the graphs used in the thesis. Two sources were used to build this database:

Bates Gill, J.N. Mak and Siemon Wezemon ASEAN Arms Acquisitions: Developing Transparency, (Jakarta: Malaysian Institute of Maritime Affairs, 1995), p. 32-73.

Richard Sharpe, ed., Jane's Fighting Ships (Coulson: Jane's Information Group, various years).

Country	Category	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Brunei	Aircraft	2	5	2	0	4	0	0	0	0	0	0
	COIN Air	0	0	2	0	0	0	0	0	0	0	0
	MPA	0	0	0	0	0	0	0	0	0	0	0
	AEW	0	0	0	0	0	0	0	0	0	0	0
	Land Syste	0	0	3	6	6	6	3	0	17	0	0
	Ships	0	0	0	0	0	0	0	0	1	2	0
Country	Category	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Indonesia	Aircraft	0	18	16	33	16	8	28	8	52	6	49
	COIN Air	0	14	16	0	0	0	12	4	16	0	6
	MPA	0	0	0	0	0	0	0	0	0	0	0
	AEW	0	0	0	0	0	0	0	0	0	0	0
	Land Syste	0	0	0	20	0	0	20	50	180	230	0
	Ships	2	0	0	1	3	0	0	0	0	3	4
	GDP	35,706	38208	4180	46537	50089	52583	56204	61128	65921	70045	76965
	Military Expenditures											
	GNP											
	GNP x 10											
	Arms Imports											
	Arms Exports											
Country	Category	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Malaysia	Aircraft	1	16	0	0	9	7	13	6	26	4	3
	COIN Air	0	0	0	0	0	0	0	0	0	0	0
	MPA	0	0	0	0	0	0	0	0	0	0	0
	AEW	0	0	0	0	0	0	0	0	0	0	0
	Land Syste	0	100	0	70	114	0	0	0	97	109	0
	Ships	0	2	0	0	4	0	0	3	0	4	1
	GDP	28065	30054	32876	36722	39777	40096	44732	48200	51408	56214	60398
	Arms Imports											
Country	Category	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980
Philippines	Aircraft	16	44	11	54	29	2	3	26	29	24	2
	COIN Air	4	4	11	32	22	1	0	3	0	4	2
	MPA	0	0	0	0	0	0	2	2	0	0	0

1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
7	3	7	1	2	0	0	0	0	4	0	0	0
0	0	0	0	0	0	0	0	0	4	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
2	0	0	12	0	0	0	0	13	13	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
32	21	33	17	6	11	11	13	13	17	13	8	10
6	0	5	12	0	0	0	0	0	0	0	0	0
0	2	4	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	158	75	0	0	25	25	0	0	0	0	0	0
7	2	0	0	2	3	1	1	2	0	0	0	6
83066	84932	88493	94666	96997	102696	107754	108282	122483	131230	139689	148470	158115
		1934	2019	1933	2038	1716	1703	1751	1807	1873	1872	2031
		74820	79610	81640	86710	90720	96980	104200	115000	119300	127100	135900
		7482	7961	8164	8671	9072	9698	10420	11500	11930	12710	13590
		228	150	197	205	335	299	240	296	21	41	160
		0	0	7	0	0	6	11	5	5	21	20
1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
5	13	31	61	11	2	0	1	0	4	1	0	0
0	0	15	41	1	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0
0	100	309	268	24	0	0	0	9	0	0	0	42
0	0	0	2	1	1	0	0	0	0	0	0	0
64591	68429	72706	78349	77547	78361	82585	89967	97804	107406	116531	125627	136250
		399	545	618	77	87	36	80	33	21	10	80
1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
18	48	0	6	8	0	10	9	10	13	20	44	11
14	0	0	0	0	0	0	7	4	7	12	25	4
0	0	0	0	0	0	0	0	0	0	0	0	0

	AEW	0	0	0	0	0	0	0	0	0	0
	Land Syste	0	0	6	15	0	0	20	41	75	95
	Ships	0	0	3	0	0	7	21	2	3	3
	GDP	337.9	354.5	371.4	405.7	426	453.3	489.6	519.8	548.3	582.6
	Arms Imports										
	Arms Exports										
Country	Category	1970	1971	1972	1973	1974	1975	1976	1977	1978	1980
Singapore	Aircraft	13	36	13	46	8	12	0	24	9	27
	COIN Air	10	16	0	0	0	9	0	5	0	6
	MPA	0	0	0	0	0	0	0	0	0	0
	AEW	0	0	0	0	0	0	0	0	0	0
	Land Syste	80	50	78	50	50	208	145	0	20	295
	Ships	0	1	2	0	2	2	5	0	0	0
	GDP	12135	13654	15487	17273	18369	19120	20549	22143	24046	26285
	Military Expenditures										
	GNP										
	GNP x 10										
	Arms Imports										
	Arms Exports										
Country	Category	1970	1971	1972	1973	1974	1975	1976	1977	1978	1980
Thailand	Aircraft	20	59	28	53	73	11	14	5	35	22
	COIN Air	6	16	0	35	30	6	14	5	0	0
	MPA	0	0	0	0	0	0	0	0	0	0
	AEW	0	0	0	0	0	0	0	0	0	0
	Land Syste	0	16	16	0	0	20	50	20	20	67
	Ships	1	1	0	0	2	1	2	1	0	1
	GDP	400.7	420.6	437.8	480.9	501.9	526.2	575.5	632.5	698.5	735.6
	Military Expenditures										
	GNP										
	GNP x 10										
	Arms Imports										
	Arms Exports										

0	0	0	0	0	0	0	0	0	0	0	0	0	0
54	75	54	130	109	0	0	25	20	0	0	0	0	7
0	0	0	0	0	0	0	0	0	0	0	0	0	1
632.6	655.4	668.1	617.3	571.7	591.2	619.7	658.8	698.4	717.3	712.6	712.3	731.7	
			43	55	53	51	74	72	80	99	116	103	40
			28	14	13	13							
1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	
26	10	14	18	15	13	26	20	5	24	10	10	0	
0	10	4	2	4	6	12	6	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	2	2	0	0	0	0	0	
30	130	130	30	0	0	0	0	0	0	0	11	41	6
0	0	0	0	0	0	0	0	0	2	4	1	0	
31603	33772	36537	39573	38924	39641	43372	48203	52657	57049	60884	64416	70932	
		1176	1607	1839	1722	1756	1994	2062	1926	2356	2599	2700	
		28120	31190	31190	31400	34000	37460	41050	44650	47850	51000	55840	
		2812	3119	3119	3140	3400	3746	4105	4465	4785	5100	5584	
		271	232	224	397	223	442	194	241	306	215	60	
		14	95	53	77	50	60	80	22	32	10	20	
1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	
16	16	27	11	23	22	1	42	7	15	19	10	0	
0	6	12	0	0	20	0	6	0	0	10	10	0	
0	0	0	7	5	0	1	0	1	3	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	
128	95	99	149	135	74	478	92	198	551	213	204	18	
0	0	2	1	0	0	3	1	0	0	2	5	0	
819.6	852.9	914.8	980	1014.4	1064.3	1165.1	1319	1477.9	1625.7	1750.9			
		2058	2194	2482	2344	2256	2208	2243	2396	2777	2971	3511	
		53850	56600	58850	61910	67940	77050	86820	97330	105000	112300	122000	
		5385	5660	5885	6191	6794	7705	8682	9733	10500	11230	12200	
		470	382	250	166	496	627	320	263	554	318	90	

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